

THURSDAY, 6TH APRIL 2017

### REPORT OF THE PORTFOLIO HOLDER FOR REGENERATION

#### TAMWORTH START UP BUSINESS GRANT

##### EXEMPT INFORMATION

Not applicable

##### PURPOSE

The purpose of this report is to seek approval for a Start-Up Business Grant scheme for individuals wishing to start up in self-employment or business and young businesses that have been trading for no more than 3 years. The report also seeks approval for amendments to Grants subcommittee constitution and a virement of £20,000 from the Voluntary and Community sector budget, GS1002 57025 to the Economic Development and Regeneration budget, GS0402 34537 per annum for a 3 year period, until 31<sup>st</sup> March 2020.

##### RECOMMENDATIONS

- That the principles of the Start-up Business Grant are approved.
- That Cabinet recommends full Council to amend the Cabinet Grants (Sub Committee) constitution to include the addition of the Start-up Business Grants scheme.
- That Cabinet Grants (Sub Committee) makes final decisions on all Start Up Business Grants applied for on a quarterly basis.
- That an annual budget is created within the Economic Development and Regeneration service area, GS0402 34537, by way of a virement of £20,000 from the Voluntary and Community sector budget, GS1002 57025 per annum subject to annual budget agreements and reviews up until 31<sup>st</sup> March 2020.
- That the impact and need for a business grants scheme be reviewed on an annual basis through the business planning process and relevant key performance indicators.
- That after 3 years, a report on the success of the project be formally reported to Cabinet, detailing at a minimum impact, outcomes and learning.

##### EXECUTIVE SUMMARY

For the past 7 years through the Voluntary and Community Sector budgets, Tamworth Borough Council has contracted out the provision of business support in various forms to an external supplier, BDS Ltd. These contracts provided a mixture of one to one support and workshops aimed at improving skills within the local business community.

The Economic Development and Regeneration (EDR) team works with partners across the two Local Enterprise Partnership (LEP) Geographies to deliver, promote and monitor a number of grants to businesses, however there is little or no financial support for individuals and very new businesses. Any funding currently available to businesses tends to come with a requirement to “match” the amount being granted and have strict requirements on the type of business applying and the business activity they deliver. These requirements leave a large number of small new businesses unable to access start up finance. Over the years the EDR team has had a number of enquiries from individuals requiring small amounts of money to buy equipment, help with marketing or buy relevant insurances in order to allow them to trade.

The Council has recently engaged with Solihull Council to deliver a European funded

enterprise programme called Enterprise for Success which offers 12 hours of one to one advice for:

- Individuals to explore the idea of starting their own businesses
- Business to actually start up
- Businesses that have been trading for up to 3 years.

The contract to deliver this work has been given to Blue Orchid Limited, who has 15 years of experience running similar contracts across the country. Blue Orchid will provide their services at no cost to the Council as this forms part of their existing contract with Solihull MBC, through the Enterprise for Success contract, which the EDR service already contributes £10,000 towards per annum and matches officer time to.

This programme ensures individuals and businesses have the right skills they need to run their business and results in the creation of a business plan.

The Council currently offers a number of small grants to encourage Voluntary Sector growth, and sporting achievement, it currently does not directly offer anything for individuals looking to start their own business.

The proposal, using £20,000 per annum that was previously used to fund BDS Ltd support to businesses, will be to award grants of between £500 and £1500 to new and young (up to 3 years old) businesses. This funding will be directly used to address a significant gap in small finance for self-employment and start-ups. This grant in combination with the one to one support available by Blue Orchid will significantly contribute towards helping to promote entrepreneurship, self-employment and new business start-ups in Tamworth that have seen low levels across the Borough in the past.

A requirement of receiving these grants and satisfying some basic eligibility criteria will be to attend the Enterprise for Success courses, and receive 12 hours of support culminating in the production of a basic business plan. It is the intention to deliver all of this activity from the soon to be opened Tamworth Enterprise Centre at Philip Dix House – formerly the Phil Dix Centre.

Grant applications will be recommended to the Cabinet Grants (Sub committee) on a quarterly basis for approval. Eligibility and grant criteria are attached in Appendix 1. The process from enquiry through to award of grant can be found in Appendix 2. Staff from the EDR Team will work closely with Blue Orchid, the company awarded the contract to deliver the Enterprise for Success project, to ensure individuals are right for the grant scheme and have the basic skills in place to maximise success and minimise risk of failure. Success will be measured against the number of people becoming self-employed, registered their business and jobs created.

The EDR team will work closely with Blue Orchid to ensure the grant meet the needs of the customer base. Take up, needs of customers and all of the criteria will be reviewed on a quarterly basis after every funding round. An annual review, in line with the corporate business planning process and key performance indicators will be put in place. Upon completion of the project in 2020, the whole, 3 year, project will be fully assessed, with outcomes, impact and learning summarised in a report to Cabinet.

#### **OPTIONS CONSIDERED**

**Do nothing** – Small businesses will have no funding options to help their business set up and grow. By delivering small grants, the Borough Council can provide a pipeline of individuals and businesses for the Tamworth Enterprise Centre and the Enterprise for Success programme it is jointly delivering, also improving entrepreneurial skills, enterprise creation and raising aspirational levels in Tamworth.

**Deliver a business support service similar to previous years** – Due to the development of Growth Hubs by the LEPs there is now a variety of online and face to face support available to businesses. A further business support scheme would confuse potential end users and create duplication in service provision, in affect cannibalising an already small pool of individuals who may want to start their own business. Therefore the small grant scheme is

seen as the best approach as it will encourage take up of existing support schemes and provide financial support to businesses, who are currently unable to attract funding.

### **RESOURCE IMPLICATIONS**

£20,000 is currently allocated for this project, for the next 3 years financial years in the Voluntary and Community sector budget – GS1002 57025. A virement will be required to move the £20,000 to Economic Development budget GS0402 34537. Success of the grants programme will be reviewed on annual basis, to ensure relevance to residents and appropriate take up. Any budget underspent at year end will be transferred to a retained fund subject to the Revenue Reserves Policy Statement.

The Business Liaison Officer post from the EDR team will be primarily involved in liaising with individuals and assessing initial applications in conjunction with Blue Orchid. Whilst there is additional workload created from this grant fund, it improves engagement with local businesses / residents, raises the profile of the Council in supporting Enterprise and will help towards generating activity from the Tamworth Enterprise Centre. The costs of administering the grant scheme will be met from existing budgets and staff resources.

### **LEGAL/RISK IMPLICATIONS BACKGROUND**

The main risks are that grants to individuals and new starts ups are not spent on the items they were approved for. This will be mitigated by ensuring that applicants must go on the 12 hours Enterprise for Success course, and produce a basic business plan before they can receive the grant. The grants will be monitored by the EDR team in conjunction with Blue Orchid, with supporting relevant information received, (e.g. as invoices, receipts and photos of goods), before the grant is released.

### **SUSTAINABILITY IMPLICATIONS**

Whilst the EDR team will be responsible for delivering the Start-up Business Grant, ultimate responsibility for the annual budget lies with the Head of Partnerships and Commissioning. The Start Up Business Grants programme will be reviewed on an annual basis to ensure that take up is at an appropriate level, with recommendations made should this not be the case. The whole project will be reviewed in 2020 with outcomes, impact, learning and recommendations for future delivery being made to Cabinet.

### **BACKGROUND INFORMATION**

None

### **REPORT AUTHOR**

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### **LIST OF BACKGROUND PAPERS**

Report of the Leader of the Council – Cabinet Report, 26<sup>th</sup> November 2015 – VCS and Locality Commissioned Services Contract Review.

### **APPENDICES**

Appendix 1 – Tamworth Start up Business Grants – Guidance and Criteria

Appendix 2 – Application process flowchart

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