

THURSDAY, 6 FEBRUARY 2020

**REPORT OF THE PORTFOLIO HOLDER FOR HERITAGE AND GROWTH****START UP BUSINESS GRANT REVIEW****EXEMPT INFORMATION**

Not applicable

**PURPOSE**

The purpose of this report is to review the success of the Start Up Grants project over the last 3 years (end April 2017 to end March 2020) and to seek approval for the extension of the existing scheme for a further 3 years (April 2020 until the end of March 2023). As such approval is also sought for a virement of £20,000 from the Voluntary and Community sector budget, GS1002 57025 (Grants to Community Service Organisations) to the Economic Development and Regeneration budget, GS0402 34537 (Grants) per annum until 31<sup>st</sup> March 2023.

**RECOMMENDATIONS**

- That the impact, outcomes and success of the grant scheme over the past 3 years be noted.
- That the principles and eligibility criteria of the Start-up Business Grant for the next 3 years be approved.
- That Cabinet 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 an annual virement of £20,000 from the Voluntary and Community sector budget, GS1002 57025 per annum subject to annual budget agreements and relevant reviews up until 31<sup>st</sup> March 2023.
- That the impact and need for the business grants scheme continue to be reviewed on an annual basis through the business planning process and key performance indicators.

**EXECUTIVE SUMMARY**

Start Up Grants have been running since April 2017 and finish at the end of March 2020.

Appendix 1, sets out the grant criteria, but in summary the fund has the following requirements:

- Minimum £500 – maximum £1500
- Applicants must be resident or actively trading in the Borough.
- Applicants must have no more than 5 employees and not have traded for more than 3 years.
- Applicants are restricted on what items can be purchased.
- Applicants must buy agreed items themselves then claim the money back after providing evidence.

Table 1 shows details on the grant performance over the past 3 years. Applicants have a maximum of six months to claim the grant, if they do not do so this rolls over to the next funding round.

<b>Financial Year</b>	<b>No. of Enquiries received</b>	<b>Value of Apps Received</b>	<b>Value of Grants Awarded</b>	<b>Value of Grants Paid</b>	<b>No. of apps received</b>	<b>No. of apps approved</b>	<b>No. of apps paid</b>
2017/18	52	£33,746.39	£21,180.39	£17,957.52	27	22	19
2018/19	57	£49,846.84	£21,631.07	£16,971.04	37	29	24
2019/20	76	£32,940.50	£14,900.00	£7,465.00	23	18	9
<b>TOTAL</b>	<b>185</b>	<b>£116,533.73</b>	<b>£57,711.46</b>	<b>£42,393.56</b>	<b>87</b>	<b>69</b>	<b>52</b>

Table 1.

Financial year 2019 / 20 is currently in process, therefore figures seem lower than previous years, but will be finalised by the end of September 2020. Financial years 2017/18 and 2018/19 show the value of grants awarded being greater than the £20,000 available. This is because some business from the first two rounds, of each year, do not claim the grant. This amount then gets rolled over into the next round, which makes the value of grant awarded higher than the budget available. Grant paid will always be within budget.

To date, the council has supported 52 varied businesses, to the value of £42,393.56, averaging out at £815 per business. Details of successful businesses to date can be found in appendices 4 and 5. Typical applicants are very small, often not employing anyone other than the applicant and are mostly derived from home based or lifestyle businesses. In recent years the Council has seen an increase in retail / food economy start-ups, particularly Town Centre focussed, enquiring or applying for the grants, but requiring more support than is available.

As part of the application process, applicants must complete the following before being able to apply for the grant:

- Attend a 2 day business workshop at Tamworth Enterprise Centre or have a 1-2-1 with a business advisor (most go on the course)
- Complete a Business Plan
- Have their application signed by an accredited business advisor.

All business workshops and advisor support is delivered by a company called Blue Orchid, who won a competitive tender to deliver this work through Solihull Metropolitan Borough Council, under the project name of Enterprise for Success.

The scheme has grown to become very successful with much more demand than available finance. Applicants are evaluated against a set of fixed criteria and are allocated funding accordingly. Most businesses apply for the maximum £1500 however very few receive the full amount, due to its competitive nature.

For the next three years it is proposed that the fund be amended slightly in terms of its principles and eligibility, to ensure funding meets demand and that officers can allocate underspend more quickly.

The amendments to the current policy are recommended as follows:

<b>Current (April 2017 – March 2020)</b>	<b>Proposed (April 2020 – March 2023)</b>	<b>Reason</b>
Grant min £500 – max £1500	Grant min £500 – max £1000	Average grant received is £815, by limiting the maximum, expectations form businesses can be managed and more businesses supported.
Applicants have 6 months from	Applicants have 3 months from	This will ensure any money that

receipt of grant agreement to make claim	receipt of grant agreement to make claim	is not claimed by an applicant can be recycled to another round more quickly.
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Engaging with these businesses has helped to give the Council and the Economic Development and Regeneration service (EDR) a much stronger understanding of the start-up/micro business demographic and has helped to build relationships, something that in the past has been challenging. These businesses are also referred to the GBSLEP growth hub where an advisor will offer a thorough 1-to-1 business diagnostic and ensure the businesses are signposted to any eligible business support available to help them on their journey and maximise the likelihood of them surviving.

The Enterprise Centre has been a key asset in delivering this project as the Blue Orchid business support courses are all delivered from there. Additionally a large number of businesses have taken advantage of the virtual tenant mailboxes, (resulting in the purchase of more mailboxes at the TEC to meet demand), and take up of meeting room space (room hire has increased from an average of £700 per month to over £2000 per month in the time period the grants have been delivered).

## OPTIONS CONSIDERED

**Do not continue the scheme** – Small businesses will have limited funding options to help their business set up and grow. By delivering small grants, the Borough Council currently provides a regular pipeline of individuals and businesses for a variety of services, including: Tamworth Enterprise Centre; the Council funded Enterprise for Success programme: the GBSLEP Growth Hub. These benefits would be lost or extremely limited, if there was no scheme in place to act as a referral mechanism.

**Continue as current** – The current project has worked well and could continue as is, with little impact, however there are some improvements that could be made to ensure it remains fit for purpose and benefits the most businesses.

**Continue with modifications** – The project develops with modifications to some of the eligibility criteria ensuring that as many businesses as possible benefit and that processes are tightened to ensure minimum underspend against budgets.

## RESOURCE IMPLICATIONS

£20,000 is currently allocated for this project, for the next 3 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 continue to be reviewed on an 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 and used in the following financial year.

Officers from the EDR team will be primarily involved in liaising with individuals and assessing initial applications in conjunction with Blue Orchid who run a two day business start-up course that is part funded by Tamworth BC as part of the wider Enterprise for Success, (European regional development fund) ERDF project. Tamworth BC contributes £10,000 per annum for this project. Over the past three years, the team has developed robust and efficient processes in assessing and approving applications, keeping officer time to an absolute minimum.

## LEGAL/RISK IMPLICATIONS

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.

In previous grant rounds, concerns have been raised about small businesses not having relevant insurances upon starting their business and therefore seeking funding from the Council to cover these costs. Advice has been sought from specialist insurance brokers, and businesses only legally require Employment Liability Insurance, relevant only if they employ people. It is therefore recommend that the council continue to offer grant funding for insurance, if requested. Information on insurance and getting relevant cover is a topic in the 2 day training course, provided by Blue Orchid.

### **EQUALITIES IMPLICATIONS**

There are no equalities implications – this fund is open to anyone who meets the grant eligibility criteria.

### **SUSTAINABILITY IMPLICATIONS**

This project is fixed for the next 3 years, dependent upon any wider review of the Council's grant processes.

### **BACKGROUND INFORMATION**

The tables below provide a summary detailing the 3 years grant figures for 2017/18, 2018/19 and 2019/20 so far, Quarter 3 was approved at Committee on the 20<sup>th</sup> December 2019 and so no applicants have yet spent the grant and Quarter 4 is open until 28<sup>th</sup> February 2020 and will go to Committee at the end of March 2020.

<b>2017/18</b>	No. of Enquiries received	Value of Apps Received	Value of Grants Awarded	<b>Value of Grants Paid</b>	No. of apps received	No. of apps approved	<b>No. of apps paid</b>
Quarter 1	4	£3,530.92	£2,930.92	<b>£1,930.50</b>	4	3	<b>2</b>
Quarter 2	20	£8,913.47	£6,983.47	<b>£6,801.10</b>	8	7	<b>7</b>
Quarter 3	13	£11,500.00	£6,010.00	<b>£5,119.92</b>	8	6	<b>5</b>
Quarter 4	15	£9,802.00	£5,256.00	<b>£4,106.00</b>	7	6	<b>5</b>
<b>TOTAL</b>	<b>52</b>	<b>£33,746.39</b>	<b>£21,180.39</b>	<b>£17,957.52</b>	<b>27</b>	<b>22</b>	<b>19</b>

<b>2018/19</b>	No. of Enquiries received	Value of Apps Received	Value of Grants Awarded	<b>Value of Grants Paid</b>	No. of apps received	No. of apps approved	<b>No. of apps paid</b>
Quarter 1	4	£2,754.00	£1,087.00	<b>£852.47</b>	2	2	<b>2</b>
Quarter 2	17	£16,480.00	£8,824.00	<b>£6,909.76</b>	11	9	<b>8</b>
Quarter 3	24	£18,968.88	£6,501.00	<b>£5,501.00</b>	14	10	<b>8</b>
Quarter 4	12	£11,643.96	£5,219.07	<b>£3,707.81</b>	10	8	<b>6</b>
<b>TOTAL</b>	<b>57</b>	<b>£49,846.84</b>	<b>£21,631.07</b>	<b>£16,971.04</b>	<b>37</b>	<b>29</b>	<b>24</b>

<b>2019/20</b>	No. of Enquiries received	Value of Apps Received	Value of Grants Awarded	Value of Grants Paid	No. of apps received	No. of apps approved	No. of apps paid
Quarter 1	22	£11,088.36	£4,860.00	<b>£3,425.00</b>	8	6	<b>5</b>
Quarter 2	20	£11,888.00	£5,040.00	<b>£4,040.00</b>	8	6	<b>4</b>
Quarter 3	23	£9,964.14	£5,000.00	<b>N/A</b>	7	6	<b>NA</b>
Quarter 4	11	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>
<b>TOTAL</b>	<b>76</b>	<b>£32,940.50</b>	<b>£14,900.00</b>	<b>£7,465.00</b>	<b>23</b>	<b>18</b>	<b>9</b>

The grant scheme has also been successful in an award submission in July 2019 and was honoured “Highly Commended in the Best in Class – Small Business Friendly Awards 2019” at the FSB Staffordshire and West Midlands Area Local Authority Small Business Friendly Awards 2019 for our 2018/19 programme. This awards scheme was set up to recognise the work delivered by Local Authorities to assist small businesses.

The Blue Orchid Enterprise for Success Scheme which runs across the whole GBSLEP area holds Tamworth as its joint most successful area, next to North Worcestershire.

Cannock Chase District Council and Lichfield District Council have also introduced similar grants based on our model, after having witnessed our success.

The Start-up Grants process is particularly robust and follows the following process:

1. Enquiry from potential grant applicant to ED officer.
2. Referral from ED Officer to Blue Orchid who will contact the potential applicant to discuss their business knowledge to see what level of support would be best for them.
3. Potential grant applicant will be booked for business support - either a full 2 day business course which covers all the aspects of running a business, or if the business already has enough knowledge they could be booked for 6-12 hours of an intensive 1-2-1 advice session with a business advisor who will tailor the support to suit.
4. Once the business advisor from Blue Orchid is satisfied that the potential applicant is eligible for the grant and has received the correct level of support they will be given an application form and business plan template which will be completed and submitted into the ED Team again, with help from the business advisor, before the relevant grant deadline
5. Application form, business plan and cashflow forecast are evaluated by at least two members of the ED Team, an evaluation form is completed to score each applicant (appendix 3).
6. Recommendations are put forward at Cabinet for Members to make a final decision.
7. Following Members’ decision at Cabinet the ED Officer will write to the grant applicant to confirm the decision made with the terms & conditions listed that applicants must sign and return within 3 months.
8. Once the terms and conditions of the grant have been signed and returned the applicant has a further 3 months to claim their payment.
9. All applicants are signposted to relevant additional business support via a Growth Hub advisor or member of the EDR team.

## **REPORT AUTHORS**

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## **LIST OF BACKGROUND PAPERS**

Cabinet Report - 2017

### **APPENDICES**

1. Guidance notes (eligibility)
2. Application Form
3. Evaluation Form
4. Annual Report – 2017 / 2018
5. Annual Report – 2018 / 2019