

**Subject:** Use of Local Authority Business Growth Incentive Funding

**Status:** For Publication

**Report to:** Cabinet

**Date:** 18<sup>th</sup> February 2009

**Report of:** Head of Regeneration

**Portfolio**

**Holder:** Regeneration

**Key Decision:** Yes

Forward Plan

General Exception

Special Urgency

**1. PURPOSE OF REPORT**

- 1.1 To note the support services available to business in Rossendale.
- 1.2 To agree to create a business grant programme within the Local Authority Business Growth Incentive Scheme (LABGIS) funding allocation to support the new and relocating businesses within Rossendale.
- 1.3 To grant delegated authority for the Head of Regeneration, in consultation with the Portfolio Holder for Regeneration to approve applications for business loans under the pilot programme.

**2. CORPORATE PRIORITIES**

- 2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.
  - Delivering Regeneration across the Borough (Economy, Housing)
  - Promoting Rossendale as a cracking place to live and visit (Economy)
  - Well Managed Council (Improvement, Community Network)

**3. RISK ASSESSMENT IMPLICATIONS**

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- In the current economic climate businesses are looking for more help in sourcing suitable premises. Whilst Rossendale has a number of vacant commercial premises some will require substantial refurbishment and investment to render them fit for purpose. There are competing sites within other boroughs which are able to offer newly built business space. Therefore, the risk is that without a facility to assist businesses local opportunities might be lost.

#### **4. BACKGROUND AND OPTIONS**

- 4.1 It is increasingly important in the current economic climate for the Council to offer and develop a range of support services for both new and existing businesses.
- 4.2 It is also important for the Council to be able to respond to opportunities created through recent changes in regional contract for business support in the North West New.
- 4.3 The Regeneration Team lead on economic development issues on behalf of the Council and have a dedicated officer whose remit is to ensure that we are able to maximise the level of business support services and associated funding available in Rossendale.
- 4.4 The team are also able to assist local businesses by offering initial advice relating to the support services available and signposting enquirers to the most appropriate agency.
- 4.5 To date, the Council has been working with partners across Pennine Lancashire to develop a joint approach to draw down business support services for the sub-region.
- 4.6 These services are to be provided through the Regional Business Start Contract which is provided by Business Link and No Limits and uses pooled funding resources within Pennine Lancashire. These agencies have a range of support products for businesses and work jointly to offer the best solution for each enquiry. Services on offer range from advice and training for new business, ICT and product development to finance for growing the business.
- 4.7 This new service becomes operational in Rossendale from 1<sup>st</sup> April 2009 and publicity material will be made available via the Council's website and through the One Stop Shop.
- 4.8 Alongside this there are some schemes specific to Rossendale.
- 4.9 Rossendale Enterprise Loan Initiative is a scheme managed by the Credit Unions through Enterprise Lancashire Finance and provides small low interest loans to new start businesses. Officers are currently working with providers to explore how this scheme can be strengthened and additional funding brought in to support the project.

- 4.10 Business owners may also be eligible for reductions in their business rates. Examples of reductions are transitional relief, empty properties, charity relief, rural rate relief and hardship relief.
- 4.11 A new proposal is to use funding available under the Local Authority Business Growth Incentive Scheme (LABGIS) to provide a business grants package to assist with relocation costs and refurbishment costs for businesses wishing to relocate to vacant commercial premises in the Borough.
- 4.12 The Local Authority Business Growth Incentive Scheme (LABGIS) provides local authorities with an incentive to maximise local economic growth by allowing them to receive a proportion of increases in local business rates revenues to spend on their own priorities
- 4.13 Since 2006 the Council received an annual allocation from the Government through the LABGIS.
- 4.14 Whilst LABGIS funding is not ringfenced it is expected that local authorities will use revenues to create positive financial incentives for local authorities to work in partnership with business and other key players to maximise economic growth.
- 4.15 To date the LABGIS fund has been used to support and match fund the external regeneration funding from the NWDA provided to support the Rossendale Sustainable Economic Development Programme, to provide some support for Tourism activity and fund the development of the Core Strategy.
- 4.16 In the current climate we have had a number of enquires for assistance from both business in Rossendale and from business outside the borough who are looking to relocate within the borough.
- 4.17 In most cases enquiries have been in relation to assistance towards the costs of refurbishment of commercial premises. Currently we have no such incentive available and run the risk of losing current businesses to other areas.
- 4.18 There is potential for new funding streams to become available during 2009 which may provide funding for business support of this nature. However, these have yet to be confirmed and may not become actively available until much later in the year.
- 4.19 Therefore, it is proposed to establish a pilot programme of business grants funded through LABGIS to assist with relocation costs and/or the refurbishment of vacant commercial premises arising from the relocation of the business.
- 4.20 In normal circumstances it is proposed that the maximum grant to any business should be £20,000 and should meet the following criteria:-
- The grant is effectively in the form of a contribution towards the capital costs to refurbishing vacant commercial properties and should only be used to assist in meeting the refurbishment costs for either the re-location of an existing business or towards meeting the costs of refurbishing a building for the establishment of a new business.

- Applicants will have to demonstrate that their business is sustainable in the long term, and that without grant assistance they would be unable to locate to a commercial premises in Rossendale. This will be evidenced by the provision of a sustainable business plan and/or audited business accounts.
- The grant will be focussed on attracting new occupiers to vacant properties either:
  - A. Within Rossendale's main centres i.e. Rawtenstall, Haslingden, Bacup and Waterfoot, or
  - B. To strategic commercial sites within the Borough
- The grant will be remain repayable in full over a period of 5 years should the business sell on either the lease or the property during this period. (where possible the grant will be registered as a charge against the property).
- Applications for assistance above the £20,000 limit will only be considered in exceptional circumstances where the business can demonstrate that:-
  - A. The business provides and will continue to provide a significant number full time jobs within the Borough.
  - B. Where possible, the employers will seek to employ local residents into any new jobs created by the business.
  - C. Where possible, local contractors will be invited to tender to undertake any refurbishment works required to the new premises.
- Any grant will only be payable on receipt of an official invoice providing evidence that the costs have been incurred and the refurbishment works completed.
- Applications for assistance will be approved by the Head of Regeneration, in consultation with the Portfolio Holder for Regeneration.

4.21 Whilst this report has focused upon support for businesses. It is also important that there are services available to support individuals and families who may have been affected through loss of employment or reduced earnings.

4.22 The Council already provides funding towards the provision of a Court Desk at Rawtenstall County Court which provides advice and assistance to people whose homes are at risk of repossession.

4.23 To date 25 families have benefited from advice provided by this service.

4.24 The Regeneration Team are also in the process of developing a Mortgage Rescue Scheme under the terms of the initiative announced by the Government in January 2009. This is a relatively complex process and robust partnership arrangements will need to be formalised to ensure that the scheme is operating successfully.

- 4.25 A further report relating to the Mortgage Rescue Scheme for Rossendale will be brought to a future meeting of the Cabinet.
- 4.26 Meetings are also being held with JobCentre+ to establish improved partnership working link services more effectively with the aim of reducing worklessness in the Borough.

#### **COMMENTS FROM STATUTORY OFFICERS:**

#### **5. SECTION 151 OFFICER**

- 5.1 Financial matters are noted in the report.
- 5.2 Members should note the 2009/10 budget proposals regarding the top-slicing of funds such as LABGIS.

#### **6. MONITORING OFFICER**

- 6.1 There needs to be clear governance around the awarding of grants and the criteria. Legal Services should be involved in the drafting of conditions / assessment of applications and setting the criteria for grant applications.

#### **7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)**

- 7.1 There are no HR implications.

#### **8. CONCLUSION**

- 8.1 In the current economic climate it is important that the Council can be seen to be taking steps to assist businesses through support services and to address the numbers of vacant commercial properties within the Borough.
- 8.2 Whilst there are a number of support services available to businesses, there is currently no provision to assist business through a business grant and this pilot could provide valuable evidence and experience should further funding become available for this type of activity.

#### **9. RECOMMENDATION(S)**

- 9.1 To note the support services available to businesses in Rossendale.
- 9.2 To create a pilot business grant programme within the Local Authority Business Growth Incentive Scheme (LABGIS) funding allocation to support the new and relocating businesses within Rossendale.

- 9.3 To grant delegated authority for the Head of Regeneration, in consultation with the Portfolio Holder for Regeneration to approve applications for business loans under the pilot programme.

## 10. CONSULTATION CARRIED OUT

- 10.1 Portfolio Holder, Chief Executive and Deputy Chief Executive

## 11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required Yes / No

Is an Equality Impact Assessment attached Yes / No

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No background papers