

EAST RENFREWSHIRE COUNCIL

CABINET

12 October 2023

Report by Director of Environment

LOCAL DISCRETIONARY FUND 2 – REQUEST FOR FURTHER BUSINESS GROWTH INTERVENTIONS

PURPOSE OF REPORT

1. The purpose of this report is to provide Cabinet with an update on the progress on the implementation of the Local Discretionary Fund 2 (LDF2) which was approved by Cabinet on 13th October 2022 and to seek approval for further business growth interventions for the use of the remaining funds.

RECOMMENDATIONS

2. The Cabinet is asked to:
- a) Note the activity to date on the Local Discretionary Fund 2 programme;
 - b) Agree to additional activities to use the remaining Local Discretionary Funding 2 as set out in the proposed interventions in paragraph 9;
 - c) Delegate to the Director of Environment to vary the amounts allocated under each programme based on the level of take up and to ensure full spend of the Scottish Government allocation; and
 - d) Agree to extend the programme of activities until the end of March 2025.

BACKGROUND AND REPORT

3. As part of the Scottish Government's ongoing response to the COVID pandemic an additional allocation of £1.25M was awarded to East Renfrewshire Council for the Local Discretionary Fund to support local businesses. On 13th October 2022 Cabinet approved the use of these funds.

4. The purpose of this fund was to mitigate the short term financial challenges being experienced by businesses adversely impacted by restrictions and regulations introduced since October to control the spread of COVID-19. Unlike previous funds which have been targeted towards specific groups or sectors such as hospitality and retail sectors, impacted by COVID-19, this fund sought to empower local authorities to direct additional financial support to specific groups or sectors within the business community where they consider this to be necessary or justified based on the distinct characteristics of their local economies. This recognises the insight that councils have on the business community in their area and where funding would be most effectively deployed in supporting local economies.

5. This non-statutory Government guidance sought to support local authorities in making decisions on how they should distribute this funding whilst recognising that the variability within and across local economies will demand differing approaches. It did not specify sectors or business types for support but rather drew on the experience of developing financial support packages for businesses during the pandemic to identify gaps in support that local authorities may wish to address.

6. Local authorities could use this funding to provide direct financial support to businesses in their area so long as it is specifically for the purposes of mitigating immediate financial challenges arising from COVID-19 restrictions and regulations.

7. Guidance from the Scottish Government also asked that local authorities prioritised micro, small and medium-sized enterprises (250 employees or fewer) and the self-employed as the intended recipients of this funding.

8. This fund empowered local authorities to direct additional financial support to SME businesses, based on needs within the business community where they considered this to be necessary or justified. This recognised the insights that Councils have on their own business community and their knowledge of where funding would be most effectively deployed.

9. The programme was implemented from December 2022 and currently supports businesses up to the end of March 2024. Agreement has recently been agreed through COSLA that unspent funds can be carried forward into the next financial year 2024/25. The programme has strict eligibility criteria and a robust due diligence process for assessing each grant application and award. This process produces a clear audit trail of application, documentation and decision making.

10. As at the end of July 2023, the programme has achieved the following:

- Engaged with over 160 businesses;
- Total amount spent to date is £198,438
- Allocated £417,562 of funding to 80 businesses;
- £638,281 is still to be committed
- Secured 2 Business Administrative posts until June 2025;
- Carried out 5 business networking events to promote services to the local business community;
- Funds awarded to businesses will safeguard 59 FTE positions and support up to 115 FTE jobs within 3 years; and
- The turnover of supported local businesses is forecast to rise within the next 3 years from £4.366 million to £8.455 million.

11. Applications can take some time to be developed into viable propositions and for the Economic Development team to carry out their due diligence checks. Extending the time frame on which to spend the LDF2 funds will allow more businesses to prepare their applications fully and take advantage of the grant assistance provided.

12. Further consultation within our business community including via East Renfrewshire Chamber of Commerce and the 3 Business Improvement Districts has identified other areas of support that could benefit businesses in the longer term and which will assist with their growth.

13. It is proposed that the remaining funds (£638,281) be carried forward into 2024/25 and be deployed in a strategic manner, continuing to deliver existing support to more local businesses and developing new programmes to respond to local business needs as follows:

Continuation of Current Programmes

Special Growth Grant (up to £50,000 with 50% match funding required)

Businesses should have a turnover in excess of £500,000 and a workforce of at least 10 employees to qualify for this grant. To date this programme has already supported 5 businesses.

Businesses to be supported 4+

Total allocated: £200,000

Get to Zero - Grants (Up to £10,000)

Funding for sustainable technologies such as solar, thermal, air and ground source systems as well as low energy lighting, insulation and more energy efficient equipment. To date this programme has supported 2 businesses.

Businesses to be supported 10+

Total allocated: £110,000

Get to Zero - Green Jobs Training (Up to £1,000)

Funding for non-statutory training that upskills the workforce in green technologies and energy efficiency systems. No businesses to date have been supported under this activity. Further engagement and promotion within the local business community will be undertaken for the remainder of the year.

Businesses to be supported 10+

Total allocated: £10,000

Micro Grant Funds (Up to £500 grant award)

Small businesses (under £50,000 turnover) can apply for one grant per year to assist in small business growth or diversification through a piece of equipment, E-commerce activity, training, health and wellbeing of the workforce or ideas testing. To date this programme has supported 9 businesses.

Businesses to be supported 40+

Total allocated: £20,000

Support for Local Events

Support to East Renfrewshire Chamber of Commerce, Business Improvement Districts and other partners for local community and business events that encourage economic activity and encourage increased footfall within our town centres and within their surrounding areas. To date 7 local events have been supported.

Events to be supported 4+

Total allocated: £16,000

Marketing Costs

Promotion of the various grant schemes, through events, social media and advertising, to local businesses to encourage maximum take up.

Total allocated: £5,000

Staffing Costs further 1 year

Current staffing posts have been funded through Local Discretion Fund until June 2025. Further support to cover the programme extending into the next financial year would also require a further year's extension of 2 posts (1.5 Full Time Equivalents).

Total staffing costs £70,000

Proposed New Activities

New Start Grant (£500 grant award)

To support new small businesses (under 6 months old). Subject to eligibility criteria, the programme will provide a grant of up to £500 to businesses that have just commenced trading. The grant should be used towards business set up costs. Businesses will need to engage with Business Gateway.

Businesses to be supported 40

Total allocated: £20,000

Enhanced Digital Boost Activity

Digital technologies are driving transformative change and reshaping product markets and altering the way businesses market their work. This new programme follows on from the success of the Business Gateway Digital Boost programme and will offer one to one advice and support to East Renfrewshire businesses wishing to develop and improve their digital presence.

Businesses to be supported 30+

Total allocated: £65,700

Accelerator Programme

This new programme will deliver a range of individual support to a selected set of 8 ongoing professional services businesses who wish to move from current home-based office premises into a permanent office situation. The programme will use the Co Working space at Greenlaw Works as a long-term incubator space. Businesses wishing to start on this programme would have access to dedicated office space within Greenlaw Works for a period of 18 months along with the support from the Council's Economic Development team including Business Gateway East Renfrewshire and other partners such as Barclays Eagles Labs. Programme costs include rental costs at Greenlaw Works, consultancy and professional service support that will be provided.

Businesses to be supported 8

Total allocated: £135,000

New Enterprise Academy Programme

This is a new programme for business start-ups in East Renfrewshire. The programme will provide dedicated and individual support to each business, through a one month concentrated programme aimed at getting businesses ready and starting to trade. This support will be delivered by the Business Gateway team. Each new business will have an individual plan to work to and be provided with access to other support mechanisms, funding and mentoring for a period of 12 months. Costs for this include consultancy and professional support costs

Businesses to be supported 27

Total allocated: £36,900

TOTAL FUNDS ALLOCATED: £638,281

Benefits

14. The programme outlined above would support over 170 local businesses with specific growth activity that would improve their resilience and improve job retention, job creation opportunities and increased turnover.

15. This would be additional support to businesses who have the potential to grow, including new starts. Success will be measured by creating wider economic activity across East Renfrewshire in terms of growth and employment generating opportunities.

FINANCE AND EFFICIENCY

16. There are no financial implications arising directly from this report. All activity will be funded through the Scottish Government LDF 2 allocation of £1.25 million.

17. The Council must comply with the conditions of the grant, as set out in Scottish Government's Offer of Grant. All programmes of support will be subject of monitoring and regular review. Should take up in any programme be less than what has been anticipated, the budget will be reallocated based on demand and needs of business to other programmes within the list presented in the report. This is subject to approval of delegated authority to the Director of Environment to vary the funds to ensure full spend of East Renfrewshire's Local Discretionary Fund for business.

CONSULTATION AND PARTNERSHIP WORKING

18. Consultation has taken place with a range of key stakeholders within the local business community including the Council's Economic Development team, Business Gateway East Renfrewshire Council, East Renfrewshire Chamber of Commerce and the 3 Business Improvement Districts.

IMPLICATIONS OF THE PROPOSALS

19. There are no equalities, IT or staffing implications associated with this report. There are no subsidy control implications associated with the proposals.

CONCLUSIONS

20. The proposals presented fully allocate the balance of £638,281 across a range of strategic measures and interventions to support more local businesses. Delegation of authority to the Director of Environment to reallocate any funds if required, between all the proposals set out in the report will help ensure a full spend of the Scottish Government Grant Award.

RECOMMENDATIONS

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- d) Agree to extend the programme of activities until the end of March 2025.

Director of Environment

Further information can be obtained from Gillian McCarney, Head of Place, 0141 577 3116
Gillian.McCarney@eastrenfrewshire.gov.uk

September 2023