



REPORT TO: Policy and Resources

DATE: 12th February 2009

HEAD OF SERVICE: Julian Rudd
Head of Economy & Housing

REPORTING OFFICER: Louise Lunn
Business Liaison Manager

SUBJECT: Business Grant Scheme

WARDS AFFECTED: All

1.0 PURPOSE OF REPORT

1.1 This report is to seek Member approval for the allocation of reserves to finance the Business Grant Scheme previously approved in principle and to agree the criteria upon which grants are awarded.

2.0 RECOMMENDATIONS

2.1 That full Council be recommended to approve:

- a) the allocation of £20k from the ICE fund for the provision of grants to start up businesses;
- b) the allocation of £20k from the ICE fund for the provision of grants to established businesses;
- c) the business grant criteria as detailed in Annex A to this report.

3.0 REASONS SUPPORTING DECISION

3.1 To respond to the current challenging economic climate through the introduction of measures targeted at assisting the local economy and local businesses.

4.0 BACKGROUND

4.1 The business grant scheme was approved in principle at the Policy and Resources Committee on December 4th 2008, minute number 319. The criteria for the scheme have now been developed and a budget identified. As this represents a new Council policy and the approval of the allocation of a budget from reserves it requires a recommendation from this Committee to full Council.

5.0 POLICY CONTEXT

5.1 The Council has a corporate aim "to have opportunity and choice of housing and employment for all".

5.2 Imagine Ryedale aims include “helping to deliver funding support and advice for developing employment opportunities, involvement in small business services and to develop a strong economic infrastructure in Ryedale.

6.0 REPORT OPTIONS

6.1 Further to the agreement by Council to establish a small business grant scheme in December this report presents for Member approval the criteria for the awarding of grants; the proposed budgetary provision and informs Members of the process for administration of the grants.

6.2 Two grant schemes have been developed to encourage the formation of new enterprises and stimulate the growth of established small and medium sized businesses. In both cases, the main objective for awarding the grant will be that the work undertaken will result in new jobs being created, assist in the development of new markets, create opportunities and more importantly assist growth in the current economic climate. The criteria for eligibility are attached to this report at Annex A.

6.3 The main eligibility criteria are that:

- (i) The business is based in, and the investment would benefit, Ryedale District;
- (ii) The project and the business are commercially viable; and
- (iii) The project needs financial support.

6.4 Research has shown that other grant schemes of this type exclude the following sectors from being able to apply for support: retail, personal services (i.e. hairdressers, gardeners, handypersons etc), hotels, B&B's, restaurants and estate agents. However, considering the rurality of Ryedale, the Council's objectives in improving the vitality of the market towns and the mix of the small businesses, Members may wish to consider including some or all of these sectors where innovation can be demonstrated and where the business is local and independently owned. Members views are requested on the following options:

6.5 Option One – To limit the eligibility of the Ryedale business grants schemes to exclude retail, personal services (i.e. hairdressers, gardeners, handypersons etc), hotels, B&B's, restaurants and estate agents;

6.6 Option Two – To extend the eligibility of the Ryedale business grant schemes to include all of the normally excluded categories where innovation can be demonstrated and where the business is local and independently owned.

6.7 Option Three - To extend the eligibility of the Ryedale business grant schemes to include some of the normally excluded categories where innovation can be demonstrated and where the business is local and independently owned.

6.8 The grant schemes will be promoted by Business Link Yorkshire and the Council. The Business Link advisors will provide the support for the businesses and promote the grants where appropriate. Business Link Yorkshire will assist the client to gather the relevant details for the application form and undertake the visit to the client. This will be reported back to RDC. This is an arrangement that has operated successfully in Scarborough.

6.9 It should be noted however that the awarding of grants are entirely discretionary by officers at Ryedale District Council.

7.0 FINANCIAL IMPLICATIONS

7.1 There is currently no budget provision for this scheme. It is proposed that a sum of £40,000 be made available for 2009/10 out of the Council's ICE fund. This budget will be split equally between new business start ups and established businesses.

7.2 Business Link Yorkshire has indicated that they will not make a management charge for their role in supporting the scheme.

8.0 LEGAL IMPLICATIONS

8.1 The Council has the legal authority through the exercising of its well-being powers to provide financial assistance of this type.

9.0 RISK ASSESSMENT

9.1 The primary risks that can be identified can be summarised as:

9.2 Option One: would exclude a large number of smaller businesses in Ryedale, which could be seen as being too restrictive in the current economic climate.

9.3 Option Two: could lead to a very fast take up of available funding, this could leave very little available for other types of SME businesses.

9.4 Option Three: this would widen the funding but may still encourage a fast take up of the schemes, however it would be the least 'risk;' via exclusion issues. It is important to remember that the grant funding is entirely up to the discretion of the panel to award.

9.5 If the scheme is successful after operating for one year, the Council may wish to consider extending the scheme adding additional pressures to the Council's budget.

10.0 EQUALITIES IMPACT ASSESSMENT

10.1 The policy has been equality impact assessed in order to ensure that it is compliant with legislation and that the process does not directly or indirectly discriminate against any individuals or organisations who are the intended beneficiaries of the policies on the basis of their social identity.

Background Papers: P&R Report – December 2008.

OFFICER CONTACT:

Please contact Louise Lunn, Business Liaison Manager if you require any further information on the contents of this report. The Officer can be contacted at Ryedale District Council, 01653 600666, Ext 336 and e-mail louise.lunn@ryedale.gov.uk

Policy and Resources Committee

12th February 2009