



## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **CABINET**

**19<sup>th</sup> MARCH 2019**

### **REVIEW OF THE ENTERPRISE SUPPORT PROGRAMME**

#### **REPORT OF THE DIRECTOR OF REGENERATION, PLANNING AND HOUSING IN DISCUSSIONS WITH THE CABINET MEMBER FOR ENTERPRISE, DEVELOPMENT AND HOUSING, COUNCILLOR BEVAN**

**Author(s):** Derek James, Head of Regeneration and Prosperity

#### **1. PURPOSE OF THE REPORT**

- 1.1 The report provides a summary of the current Enterprise Support Programme which offers financial assistance to small and medium sized enterprises with development ambitions and a commitment to creating jobs.
- 1.2 It outlines proposed changes to the current criteria to ensure that the Programme can be more flexible and responsive to business needs whilst supporting sustainable economic growth. A wider range of performance indicators will be included which can be used as a more effective measurement of growth and the contribution that the investment makes to the local economy

#### **2. RECOMMENDATIONS**

It is recommended that:

- 2.1 The revised criteria set out in paragraphs 6.1-6.5 are approved.

#### **3. REASONS FOR RECOMMENDATION**

- 3.1 To ensure that the Enterprise Support Programme can provide assistance for local enterprises in a more responsive way, which will support the trend for an increase in business birth rates and a decrease in death rates.

3.2 To continue to deliver on the Council's priority commitment to building a strong economy.

#### 4. BACKGROUND

4.1 The figures for business birth and death rates in Rhondda Cynon Taf are very positive compared with the current rates for the UK, Wales and the other areas in South East Wales. (Source: Stats Wales November 2018)

	UK	Wales	SE Wales	RCT
Birth Rate	13.1%	13.7%	17.8%	34.2%
Death Rate	12.3%	10.4%	11.1%	8.9%

4.2 The aim of the Enterprise Support Programme is to support sustainable economic growth across Rhondda Cynon Taf. The grant programme provides financial assistance for Small and Medium Sized Enterprises (SMEs), including start-ups as well as existing businesses, and for both private and social enterprises.

4.3 Currently the **£250,000 annual budget** is available for capital investment in projects which must create additional permanent jobs.

4.4 Although the Programme has continued to deliver good outcomes for businesses, the criteria was set back in 2015. A changing economic landscape means that the Programme needs to be reconfigured to ensure it remains relevant and able to respond effectively to the requirements of local businesses. The proposed improvements to its operation and delivery will now make the Programme fit for purpose for business growth in the current economic environment.

#### 5. REVIEW OF CURRENT ENTERPRISE SUPPORT PROGRAMME

5.1 To date, during 2018/19, the Programme has;

- Supported 50 enterprises with assistance totalling £267,000
- Supported 14 enterprises to start up in business
- Generated significant private sector investment of £515,000 from the enterprises which will lead to the creation of 62 permanent full time jobs.

5.2 The grant contribution is currently a maximum of 40% towards the eligible cost of the works, capped at a maximum threshold of £10,000. For grants of up to £5,000, it is essential that applicants **create one permanent full time equivalent (FTE) job**, and this **increases to two for grants of up to £10,000**. Permanent means the job is expected to

last for more than 12 months, and a full time equivalent is based on 30 hours.

- 5.3 The requirement for job creation has proven to be very restrictive to potential applicants, and there are examples where it has not been possible to support a deserving proposal as the enterprise will not be employing additional staff. It is important to be able to provide support to enterprises to ensure they can remain competitive, continue trading and grow. There are also many other indicators of positive business growth that an applicant could demonstrate, which would contribute to a sustainable economy.
- 5.4 To ensure that the assistance available is responsive to business needs and complements local and regional economic growth priorities, it is proposed to revise the focus and criteria of the Enterprise Support Programme.

## 6. PROPOSED REVISIONS

- 6.1 The table below sets out the proposed activity that would be eligible under the revised Enterprise Support Programme.

	<b>Activity</b>	<b>Maximum Grant</b>
<b>Start Up RCT</b>	Encouraging enterprise start-ups. <i>e.g. equipment, ICT, website development.</i>	£5,000
<b>Smart RCT</b>	Optimising the use of technology. <i>e.g. cloud based technology, e-commerce, enabling improved broadband.</i>	£5,000
<b>Specialise RCT</b>	Building confidence and capacity to identify new routes to sustainability. <i>e.g. research and development, consultancy costs.</i>	£5,000
<b>Scale Up RCT</b>	Supporting enterprises to expand and grow. <i>e.g. building works, fixtures and fittings and capital equipment.</i>	£10,000
<b>Sustainable RCT</b>	Reducing resource use and waste, encouraging energy efficiency. <i>e.g. heating / lighting improvements, insulation, energy efficient equipment.</i>	£10,000
<b>Serving RCT</b>	Recognising the importance of commercial centres as a driver for the local economy and places for employment, retail, leisure and tourism. <i>e.g. physical enhancements and building works</i>	£10,000

6.2 In terms of grant intervention rate and minimum and maximum thresholds, it is proposed;

- The maximum grant for a home based business remains capped at £1,500, to encourage the take up of commercial premises.
- The minimum grant remains at £500 for start-ups and £1,000 for existing businesses.
- The grant intervention rate will be increased to a maximum of **50%** of eligible project costs [excluding VAT] up to the maximum grant levels identified.

6.3 It is proposed to remove the essential requirement of job creation and introduce a variety of indicators which can be used as a more effective measurement of business growth and the contribution that the grant makes to the local economy. These will include;

- Sustain/Increase in turnover
- The number of business start ups
- Introduction of new products or new services to the market.
- Increased digital capability
- Reduction in energy costs
- Vacant property / floorspace back into commercial use.
- Job creation / jobs safeguarded

6.4 As part of digitalising our business-to-business functions within the Council, it is intended to make the application process available online.

## **7. BENEFITS**

7.1 The proposed revisions to the Programme will reaffirm the Council's commitment to supporting the growth of enterprises in Rhondda Cynon Taf and its ability to be responsive to their needs.

7.2 It will enable enterprises to access support by demonstrating measures of growth that are more applicable for their particular type of activity, rather than the single crude measure of job creation. This will also provide the Council with a more effective understanding of wider business performance within Rhondda Cynon Taf.

7.3 The Programme will be available to businesses across Rhondda Cynon Taf but the revised arrangements will be particularly effective to support the development and delivery of focussed town centre regeneration and our approach to town centre strategies. The revised Programme will complement a range of financial support available for businesses including the Town Centre Maintenance Grant and the Urban Centre Property Enhancement Fund (the latter available in Pontypridd).

## **8. EQUALITY AND DIVERSITY IMPLICATIONS**

- 8.1 An Equality Impact Assessment (EqIA) screening form has been prepared for the purpose of this report. It has been found that a full report is not required at this time. The screening form can be accessed by contacting the author of the report or the Cabinet Business Officer.

## **9. CONSULTATION**

- 9.1 There are no formal consultation requirements arising from these proposals.

## **10. FINANCIAL IMPLICATION(S)**

- 10.1 There are no financial implications as a result of the recommendations. The programme is funded from existing resources within the three-year capital programme.

## **11. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 11.1 There are no legal implications or legislation to be considered.

## **12. LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

- 12.1 The Enterprise Support Programme contributes to the Building a Strong Economy priority within the Council's Corporate Plan 2016-2020 "The Way Ahead". It is in line with one of the key principles of 'Building a Sustainable County Borough' by supporting an initiative that stimulates economic growth.
- 12.2 It will also complement the Council's Digital Strategy 'Digital RCT – Our 2020 Digital Vision' by supporting the growth of the digital economy as a vehicle for regeneration as well as contributing to the digitising of business to business services.
- 12.3 The scheme will contribute to improving the social, economic, environmental and cultural well-being of Wales and support the delivery of a prosperous Wales, a more resilient Wales and a Wales of cohesive communities.

## **13. CONCLUSION**

- 13.1 The review of the Enterprise Support Programme and the proposals set out in this report will provide the opportunity to ensure that the support can be more flexible and responsive to business needs across Rhondda Cynon Taf and support focussed town centre regeneration. A wider range of performance indicators will be used as a more effective measurement of business sustainability and growth and will more clearly identify the contribution that investment from the Programme makes to the local economy.

### **Other Information:-**

#### ***Relevant Scrutiny Committee***

*Finance and Performance Scrutiny Committee*

*Public Service Delivery, Communities and Prosperity Scrutiny Committee*

#### ***Contact Officer***

Derek James, Head of Regeneration and Prosperity

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

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Background Papers: None

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