

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**CABINET****23RD JULY 2015****REPORT OF THE DIRECTOR OF REGENERATION AND PLANNING****DEVELOPMENT AND IMPLEMENTATION OF A NEW ENTERPRISE SUPPORT PROGRAMME****1. PURPOSE OF THE REPORT**

- 1.1 As a result of the recent re-structure of the Regeneration & Planning Division this report outlines proposed changes to the current grant support programmes delivered by the former Business Support and Regeneration Resources Teams.
- 1.2 It is proposed to develop a more consistent grant programme known as the Enterprise Support Programme which will be delivered by the newly formed Enterprise Team.

2. RECOMMENDATIONS

It is recommended:

- 2.1 That Cabinet approve the revised grant funding arrangements as set out in paragraphs 5.2 to 5.5 and authorise the Director of Regeneration and Planning to put in place the necessary administrative arrangements.

3. BACKGROUND

- 3.1 Supporting the growth of business and enterprise in RCT fits with the Prosperity outcome of the Single Integrated Plan and within the Wales Programme for Improvement highlighting that investment in business will provide direct jobs for local people as well as investing more into the local economy.
- 3.2 Following the recent restructure of the Regeneration & Planning Division and the development of a newly formed Enterprise Team, a review has been undertaken to consider how Council funded grants offered by the team can be brought together to ensure consistency across grant programmes and simplify the process for applicants. The delivery of the grant programmes will complement and support other activity around

developing ongoing relationships with businesses and enterprises and activity delivered via the Business Club.

4. CURRENT PROVISION

4.1 Currently, there are a number of grants being delivered by the Service, 2 of which are European Funded Grant Programmes that are due to end in the coming months:

- South East Wales Local Investment Fund (LIF) - which offers financial support towards capital projects to SME's who provide business to business activity and have the ability to 'add value' i.e. create jobs. (This Fund ends on 30 June 2015)
- South East Wales Community Economic Development Programme (SEWCED) - which has offered a mix of capital and revenue support to third sector organisations, with the aim of building sustainable and vibrant communities through the development of community economic activity and social enterprises. This Fund ends on 31 August 2015.

4.2 Once these projects come to an end there are currently 2 Council budgets to administer support programmes, namely:

- The Business Support Grant (current base budget £250k), which offers funding to Private Sector Businesses for the purchase of capital equipment
- The Community Economic Development budget (current base budget £235k), which has in previous years been used to offer revenue support to third sector organisation. This budget is currently used to match fund the SEWCED project.

4.3 It is proposed that both these funds are amalgamated to offer both capital and revenue support as an integrated package of support to enterprises known as The Enterprise Support Programme.

5. PROPOSED CRITERIA

5.1 The Programme will offer support to all enterprises i.e. start up businesses, existing businesses, both private sector and social enterprises.

5.2 Revenue expenditure will be mainly focussed on support for Social Enterprises, and can include support for:

- Organisational and project development - business planning employment of consultants, short term contracted staff, marketing and training.
- Project operational costs - contributing towards staffing and associated operational costs (up to a maximum of 1 year)

There would also be an opportunity to support revenue expenditure of private sector businesses to undergo certified training courses and marketing relevant to the capital project being supported.

5.3 Capital support would be open to both sectors and could include:

- Purchase of capital equipment,
- ICT,
- Building works,

5.4 The Local Investment Fund project has received a positive external evaluation this has been used as a basis for setting levels of support. The evaluation confirmed that the project had demonstrated the potential to deliver a strong return on investment both in terms of employment, business performance and value to the local economy. Processes and procedures adopted under the project have also proved to be robust. Therefore, it is recommended to adopt the levels currently offered by this project.

Existing Business Support Grant Thresholds	Proposed Enterprise Support Programme Thresholds
Minimum grant £500	Minimum grant of £1 k for existing businesses and £500 for start ups
Maximum of £3k (minimum of 1 job created) at an intervention rate of 50% for start ups and 40% for existing businesses.	Maximum of £5k (minimum of 1 job created) Maximum of £10k (in excess of 2 jobs created) Intervention rate, based on State Aid regulations, of maximum of 40% for small enterprises (less than 50 employees) and a maximum of 35% for medium size enterprises (50+ employees)
£1.5k maximum for any home based businesses (lower levels imposed to encourage take up of commercial premises)	Same as existing

5.5 Job creation will be essential for existing businesses as the aim of the fund is to support company growth and entrepreneurial activity. The fund will also support individuals to start up their own business which incorporates young entrepreneurs in developing business ideas. Job creation will clearly be

achieved during this process, as start up businesses involve employment of at least one person. This support will be enhanced by ongoing general support from the Enterprise Team and joint working with our partner organisations, to ensure new start ups have the best possible support to enhance business survival chances. However, support for social enterprises will focus on the growth and development of sustainable enterprises, supporting a culture shift from grant dependency to investment readiness.

- 5.6 This support will complement other financial assistance offered to the third sector, including the Welsh Church Act (which focuses on support for charitable groups) and the RCT Together Community Enabling Fund (which is a fund the Council has allocated to support communities to come together and actively participate in delivering services or take over an asset).

6. NEXT STEPS

- 6.1 Current grant documentation will be reviewed, adapted and amalgamated to ensure consistency. Only one application will need to be made which should streamline and simplify the process for both officers and applicants.
- 6.2 It is proposed to implement these arrangements for all new grant applications from 1 August 2015.

7. CONCLUSION

- 7.1 It is considered that the proposed arrangements will ensure that the economic and social benefits of the Council funding are maximised. In addition, the simplified and streamlined process for applicants will minimise the burden for business and social enterprises.