

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet</b>	<b>Date:</b>	<b>11<sup>th</sup> January 2017</b>
<b>Subject:</b>	<b>Proposal for a Gloucester Business Growth Grant scheme</b>		
<b>Report Of:</b>	<b>Cabinet Member for Regeneration and Economy</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Peter Smith, Regeneration and Economic Development Manager</b>		
	<b>Email:</b>	<b>peterj.smith@gloucester.gov.uk</b>	<b>Tel:</b> 01452 96972
<b>Appendices:</b>	<b>1. Business Growth Grant Scheme Applicant Guidance</b>		
	<b>2. Business Growth Grant Scheme Expression of Interest Form</b>		
	<b>3. Business Growth Grant Scheme Application Form</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To establish a new Gloucester Business Growth Grant Scheme from 2017/2018, replacing the current Business Grants scheme.

### 2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) A Gloucester Business Growth Grant Scheme be established as set out in the report.
- (2) The Scheme Criteria set out in the report be approved
- (3) £51,685 from the City Centre Investment Fund, together with remaining monies from historic DCLG funding and unallocated income from the Broadband Voucher scheme be allocated to fund the scheme.
- (4) Authority be delegated to the Regeneration and Economic Development Manager, in consultation with the Head of Regeneration and Economic Development, to make decisions on the award of Business Growth Grants based on assessment against the agreed scheme criteria.

### 3.0 Background and Key Issues

#### 3.1 Business Grants Scheme

In 2010 the City Council established a **Business Grant Scheme** aimed at supporting business start-ups and companies looking to relocate or expand in the

City. The Scheme provided 50% grant funding towards first year business rent (to a maximum of £3,000 within the Primary Retail Area, and £1,000 outside) and a contribution to rates within the Primary Retail Area on a sliding scale. The scheme was subsequently extended to provide a suite of grants:

- **Evening Vitality Grant** – aimed at supporting the evening economy restaurant/wine bar offer in the city centre
- **Growth Accelerator** - aimed at encouraging SME's to access the Government's national Growth Accelerator Programme
- **Flexible Support** – aimed at supporting SME's through a flexible small grants programme

3.2 An evaluation of grants provided up to September 2015 demonstrated the beneficial impact of these grants, with a total of 743 jobs created or preserved in the 74 supported businesses that were still trading. Total grant payments at the time of the evaluation were £137,953.48.

Grant scheme	Businesses supported	Still trading in 2015	Jobs created / preserved	Grant payment (£000's)
Rent/Rates	58	43	194	94.4
Growth Accelerator	19	19	468	14.7
Flexible Support	10	10	70	9.7
Evening Vitality	2	2	11	19.2
<b>TOTALS</b>	<b>89</b>	<b>74</b>	<b>743</b>	<b>138</b>

### 3.3 Review of the Business Grants Scheme

The City Vision gives priority to creating a flourishing economy and City Centre which meets the needs of our residents, businesses and visitors; creating a vibrant evening economy; and a City which improves through regeneration and development. The Business Grants scheme has helped to deliver this through supporting business start-up and relocation that create or preserve jobs and stimulate economic growth.

3.4 The evaluation above demonstrated good value for money, at £186 per job created overall. The Growth Accelerator grants were, in effect, an incentive to access Government support, but even excluding that scheme, the cost per job was £448. However, as the current scheme has evolved, eligibility criteria have become complex, as recognised by the introduction of the flexible grant scheme to support projects that delivered sustainable jobs and which did not meet the criteria of the other grant schemes. Criteria include:

- Location – with different grant funding available within and outside the Primary
- Tenancy – with grant funding available to tenants and not owner occupiers
- Eligible costs – these vary dependent upon the grant scheme between variable rent and rate subsidies and contributions to set up costs

- 3.5 The focus of the current scheme is upon supporting business start-ups and relocation of small and medium sized enterprises (SME's) into the City. However, evidence suggests that a significant proportion of jobs growth is from existing businesses that invest and grow - firms are three to four times more likely to grow once they achieve a £1 million turnover.
- 3.6 Under the current scheme, non-recoverable grant funding is provided, irrespective of the financial success of the business. Loan funding requires complex administration and (in order to meet State Aid requirements) must be offered on a commercial basis which is often unattractive to SME's. A straightforward mechanism for grant aid to be eligible for repayment once a business has achieved a specified annual financial turnover would allow grant money to be 'recycled' to support further business growth.
- 3.7 Under the current scheme, no time limit is specified for drawing down grant aid following approval. This has resulted in budget resources being committed but not drawn down over extended periods of time, restricting the ability to consider new applications. A 12 month limit on drawing down grant aid following approval would encourage applicants to deliver and enable grant funding to be made available for new applications in a timely manner.
- 3.8 Gloucester Business Growth Grant scheme proposal  
The need to promote economic and jobs growth in the City to help deliver the City Vision remains. Based upon the review of the current Business Grants scheme, it is proposed to replace the scheme with a single Gloucester Business Growth Grant scheme with the following key features:
- a. Supporting business start-up and growth proposals that will create sustainable jobs
  - b. Available City-wide for start-up businesses and Small and Medium Sized Enterprises (SME's, employing under 250 employees)
  - c. Providing up to 50% funding towards eligible capital costs within the Primary Retail Area and up to 30% funding towards eligible capital costs outside the Primary Retail Area. Most grants will be in the region of £1,000 to £5,000 but can up to a maximum of £10,000 in exceptional cases
  - d. Grant shall be repayable once the grant funded business has achieved a turnover on £1m per annum in any single year
  - e. Applicants must demonstrate, via a robust Business Plan, that grant aid is required to enable that investment to occur
  - f. Capital (premises and equipment) funding only, the scheme will not support revenue costs (including rent and rate subsidies)
  - g. Grant aid must be claimed within 12 months of approval
  - h. Available to any start up or growth business irrespective of whether they are tenants or owner occupiers
- 3.9 Applicant guidance notes for the Gloucester Business Growth Grant are attached at Appendix 1, including: eligibility criteria; grant aid conditions; and details of the application process
- 3.10 The application, assessment and approval process for the Business Growth Grant scheme would replicate the current two stage Business Grant Scheme process. At stage 1, applicants would be invited to complete an Expression of Interest form (contained at Appendix 2) and submit along with a copy of their business plan

containing details of the investment proposed. This would be assessed by the Grant Review Panel who (subject to requesting further information from the applicant) make a recommendation to the Regeneration and Economic Development Manager. Subject to consultation with the Head of Regeneration and Economic Development, the applicant would be invited to submit a full application (contained at Appendix 3) with supporting documentation. Once grant approval was confirmed, grant would be paid on receipt evidence of expenditure incurred. Timescales for the process would be fixed:

- a) Expression of Interest (Eoi) decision – 1 month from submission of completed Eoi (subject to the need for further information)
- b) Full application decision – 1 month from submission of full application
- c) Grant payment on submission of evidence of incurred expenditure (within 12 months of full approval unless agreed otherwise)

- 3.11 To support the City Vision focus on promoting growth in the City Centre, it is proposed to offer a higher intervention rate of up to 50% towards eligible costs within the Primary Retail Area, and a lower intervention rate of up to 30% across the remainder of the City. It is also proposed to allocate two thirds of the initial budget allocation for grant aid within the Primary Retail Area. The take up of grant aid within and outside the Primary Retail Area will be monitored and these budget allocations adjusted accordingly to ensure maximum impact.
- 3.12 Subject to approval, the scheme would be publicised through a marketing campaign comprising press releases, business newsletter, information on the Council website, and via partner agencies (including the Growth Hub and Gloucestershire Enterprise Limited)
- 3.13 The impact of the scheme will be closely monitored and an evaluation report prepared on an annual basis. Successful applicants will be responsible for informing the Council if the business supported achieves an annual turnover in excess of £1 million per annum and repaying the grant awarded so that it can be 'recycled' through the scheme. However, officers will undertake sample monitoring through reviewing information on the Companies House database.

#### **4.0 Reasons for Decision**

- 4.1 To develop a Business Growth Grant scheme to support business start-up and growth in the City.

#### **5.0 Financial Implications**

- 5.1 It is proposed to allocate the remaining £51,685 in the City Centre Investment Fund to the scheme, together with £13,732 historic grant funding from DCLG, and remaining funding from the previous grant scheme of £5,172, totalling £71,589. Less current remaining potential commitments of £9,375 from the previous scheme, this amounts to £61,214 to fund the scheme. The Council has received income for administering a broadband voucher scheme on behalf of the Government. This scheme is now closed and, once financial information has been reconciled, any remaining income from this scheme will be added to the Business Growth Grant scheme budget.

(Financial Services have been consulted in the preparation this report).

## **6.0 Legal Implications**

6.1 The Council should have regard to the following issues:

6.1.1 **Power to Create Scheme:** The Council is empowered to set up the scheme by the general power of competence contained in the Localism Act 2011.

6.1.2 **State Aid:** As mentioned in paragraph 3.6 there may be state aid implications. However, given the total fund available for the scheme (£62,214) any payment from it to an individual business is likely to fall within the de minimis exemption (£200,000 over any three year period). There will need to be a standard state aid notification in the grant award paperwork advising the recipient that it is de minimis aid.

6.1.3 **Other Grants:** It is noted from paragraph 5.1 that it is proposed to amalgamate a number of previously existing funds to create the grant scheme. Some of these funds may be subject to main grant conditions that restrict their use e.g. to be repaid to central government if not used for the purpose originally intended and/or not to be used for other than the stated purpose. The Council should assure itself that it is allowed to reallocate the monies in the manner proposed.

6.1.4 **Repayment Terms-** condition (d) at paragraph 3.8 requires repayment of the grant in specific circumstances. This means that the Council will need to carefully monitor the growth of the businesses to ensure that this condition is met.

(One Legal has been consulted in the preparation of this report).

## **7.0 Risk & Opportunity Management Implications**

7.1 There is a risk associated with the operation of the Business Growth Grant scheme that businesses supported will fail and that job and economic growth outcomes will not be delivered. This will be mitigated by due diligence through the application and approval process, including independent assessment of applications by a Grants Panel.

## **8.0 People Impact Assessment (PIA):**

8.1 The actions outlined in this report will benefit the residents and business in the City through supporting economic growth and prosperity.

## **9.0 Other Corporate Implications**

### Community Safety

9.1 Support for start-up and growth businesses will support the growth of the economy of the City which will have a beneficial impact on crime and anti-social behaviour.

Sustainability

9.2 There are no direct sustainability implications arising directly from this report.

Staffing & Trade Union

9.3 There are no direct staffing and Trade Union issues arising from this report

## Appendix 1

# Gloucester Business Growth Grants Applicant Guidance Notes



Gloucester City Council gives priority to creating a flourishing economy and a City Centre which meets the needs of residents, businesses and visitors; creating a vibrant evening economy and a City which improves through regeneration and development. To help deliver this ambition, the City Council operates the Gloucester Business Growth Grant Scheme which is available on a discretionary basis City-wide. It is available to start-up businesses and SME'S (Small and Medium Sized enterprises employing under 250 employees) as a grant contribution towards a capital investment where it can be demonstrated that new sustainable jobs will be created. The Business Growth Grant scheme is administered through the Regeneration and Economic Development Service at Gloucester City Council.

### How the scheme will operate:-

- The scheme will provide support for business start-ups and SME growth proposals that will create sustainable jobs.
- The scheme will provide up to 50% funding towards eligible costs within the 'Primary Retail Area', and up to 30% funding towards eligible costs outside the 'Primary Retail Area' (see map). The applicant will be required to produce a comprehensive statement of the capital costs for which they are applying for funding.
- The majority of grants will be in the region of £1,000 to £5,000 but can be up to a maximum of £1,000 in exceptional cases.
- The scheme will be available City-wide and available to any start-up or SME growth business irrespective of whether they are tenants or owner occupiers.
- The grant to be eligible for repayment once the applicant (the grant funded business) has achieved a turnover of £1 million in any single year.
- The Applicant will be required to adhere to all requests for information, providing them within the stated timeframe.

### Eligibility Criteria

In order for businesses to qualify for the Scheme they must:-

- Be a start-up business or SME employing no more than 250 full time (or full time equivalent) employees and located within Gloucester City.
- Have good employment growth prospects and be able to demonstrate that a grant will create sustainable jobs or growth.
- Be able to demonstrate that the grant would be for capital costs.
- Be sole traders, partnerships, co-operatives, social enterprises or limited companies.

**Businesses will NOT be eligible if:-**

- They are already receiving government funding (excluding small business rate relief) or other local authority funding.
- Any account which the applicant/business has with Gloucester City Council is in arrears.
- They are engaged in political activity or lobbying at any level or activity of an exclusively religious nature.
- They are a charity organisation benefiting from rate relief.
- They are occupying premises owned by Gloucester City Council.

**Conditions of Grant Aid:-**

- Only one grant per business.
- The Business Growth Grant Scheme is supported and administered by Gloucester City Council via the Regeneration and Economic Development Service.
- Applicants must be 18 or over and be permanently resident within the UK.
- Gloucester City Council reserves the right to recover all or part of the grant awarded to the businesses if that businesses relocates outside of Gloucester City within a 78 week period from receipt of the grant, or the business ceases to trade for whatever reason.
- Grant aid must be drawn down within 12 months of the approval date of the full application. If grant aid is not drawn down within this period, any further application will be subject to the availability of resources within the scheme.
- Employees and Members of Gloucester City Council and its economic partners are not eligible for the scheme. This includes direct involvement or having a directorship of the applicant business.
- All proposals and supporting documents must not infringe on any existing patent or copyright and therefore must be the property of the applicant.
- All applications will be dealt with in the strictest of confidence
- The decision of the Regeneration and Economic Development Service is final.
- Successful applicants will be required to provide information on the impact of the grant.
- The grant to be eligible for repayment once the applicant (the grant funded business) has achieved a turnover of £1 million or more in any single year.



- It is the responsibility of the applicant to inform the City Council if the grant funded business achieves a turnover of £1 million or more in any single year and to arrange for repayment of grant aid
- Gloucester City Council reserves the right to publicise the details of any grant awarded under the scheme and will explore opportunities for marketing and promotion of the scheme, which may require recipient businesses being named as part of a media campaign.

### The Application Process

If a business is eligible for a grant they will need to follow the following procedure:-

- Read the Applicant Guidance Notes thoroughly
- Complete and return an **Expression of Interest form** along with a copy of their business plan. The business plan will be sent for review by an independent panel that will make a recommendation whether or not to proceed. At this stage the panel may request further information from the applicant. (The Expression of Interest form contains a web link where you can access information re completing a business plan if necessary)
- Subject to consultation with the Head of Regeneration and Economic Development, the applicant will be invited to submit a full **Application form** with supporting documentation, including...
  - A signed copy of the SME Declaration form
  - A completed copy of the City Council's Equal Opportunities Monitoring form.
  - A copy of the company's Equal Opportunities Policy (guidance notes are available)
  - copy of the company's Environmental Policy
- Negative reviews from the independent panel and/or the Head of Regeneration and Economic Development will result in applicants not being invited to submit a full application and the application not proceeding to the next stage. (Unless further information is requested from the applicant to inform the decision).
- Payment of the grant will be made by BACS into a business account following submission of evidence of incurred expenditure.
- The Applicant will be required to adhere to all timescales advised or their application will be cancelled.

### Information and Support

- Businesses have access to a variety of business support mechanisms. Gloucestershire Growth Hub provides comprehensive advice and guidance on a number of topics to help businesses grow and realise their full potential. The Growth Hub is a partnership between the University of Gloucestershire and GFirst LEP: [www.thegrowthhub.biz](http://www.thegrowthhub.biz)
- Gloucestershire Enterprise provides training and support for start up businesses in the County: [www.gloenterprise.co.uk](http://www.gloenterprise.co.uk)

- For further information about any aspect of The Gloucester Business Growth Grant scheme, please contact Gloucester City Council's Regeneration and Economic Development Service by email ([eds@gloucester.gov.uk](mailto:eds@gloucester.gov.uk)) or call 01452 396972.

**Gloucester Business Growth Grant  
Expression of Interest Form**

Applicant Name, Address and Contact Details	
<b>Title</b>	
<b>First Name</b>	
<b>Surname</b>	
<b>Postal Address (inc. postcode)</b>	
<b>Telephone Number</b>	
<b>Email address</b>	

Company Details			
<b>Organisation Name</b>			
<b>Contact Name</b>			
<b>Address (inc. postcode):</b> 1. Contact address 2. Address of premises for which grant funding sought (if different)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top; padding: 5px;">1.</td> <td style="width: 50%; vertical-align: top; padding: 5px;">2.</td> </tr> </table>	1.	2.
1.	2.		
<b>Telephone Number</b>			
<b>Email address</b>			
<b>Describe the nature of business and provide details of the proposal that you are seeking grant funding for.</b>			

<b>Number of employees</b>	

Terms and Conditions – please tick the boxes to confirm:	
	I have a relevant and up-to-date Business Plan for my business as described. (You must have this before you can apply for a grant. <b>For further information on business plans see the link below</b> ). Please send a copy of your business plan with this form.
	I give my permission for Gloucester City Council to share my information with the Review Panel

Signature	
Date	

[Further information on drawing up a business plan](https://www.gov.uk/write-business-plan)

(This is a link to the website <https://www.gov.uk/write-business-plan>)

Please ensure you have ticked the terms and conditions boxes and return the signed form together with your business plan to:

Economic Development Service,  
Gloucester City Council,

Herbert Warehouse,  
The Docks,  
Gloucester GL1 2EQ  
Tel: 01452 396972 / 74 / 86  
Email: [eds@gloucester.gov.uk](mailto:eds@gloucester.gov.uk)

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Date Completed Form Received	
Follow-Up Action	

## Gloucester Business Growth Grant Application Form - Confidential

Please read the SCHEME GUIDANCE NOTES FOR APPLICANTS before completing this form	
Project Title (if any)	
Company Name	
Company Registration Number	
Date Registered	
Postal Address	
Telephone Number	
Fax Number	
Email	
Website	
Address of premises for which grant sought (if different from above)	
<b>Nature of business</b> Describe briefly the main product(s) and/or services(s) your business provides	
<b>Type of Business Structure</b> e.g. Sole Trader, Partnership, Limited Company	
<b>Does any Partner or Director of the business have connections with, or to, any person connected with Gloucester City Council?</b>	YES <input type="checkbox"/> NO <input type="checkbox"/>

If YES please provide details	
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<b>Are you / is your business:</b>		
Receiving government subsidised funding?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Engaged in political activity or lobbying of a religious nature?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Engaged in activities where special European Community rules governing State Aid apply?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
A charity organisation benefiting from rate relief?	YES <input type="checkbox"/>	NO <input type="checkbox"/>

Project funding Profile - please outline all funding sources				
Project Funding	Amount	Applied for	Secured	Date when funds will be received
Gloucester City Council, Business Growth Fund				
Private (e.g. bank loan) (Specify)				
Own Funds				
Other (Specify)				

Outputs and other Benefits - Project Output Profile (As applicable)		
Outputs	Quantity	Date to be achieved (Month and Year)
No. of Vacant Premises Brought into Use		
No. of Business Premises Improved		
No. of Businesses Supported		
No. of new Businesses Started		
No. of Jobs Created <ul style="list-style-type: none"> <li>• Total number</li> <li>• Full time equivalent</li> </ul>		
No. of Businesses Safeguarded		
Amount of Private Sector Investment		

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**How calculated: Explain how the outputs you have detailed above have been calculated**

**Further Information: Please add any information you feel may be relevant**



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## Declaration

Please read carefully -

- I will provide Gloucester City Council with evidence that my business is trading upon request.
- I confirm that my business has all the necessary permissions and licenses to operate from my business address.
- I do not object to Gloucester City Council Economic Development Service seeking information from other Gloucester City Council services re Council Tax, Business Rates, Licensing etc.
- The City Council reserves the right to reclaim all or part of the funding if any of the following circumstances should apply within twelve months from the award date:
  - The ownership of the business changes (including ownership changes of the majority shareholding of a limited company)
  - The business moves from the project premises (unless the move is required for business expansion within the City of Gloucester)
  - The principal business activity conducted in the project premises changes from that stated in the application
  - The business is declared bankrupt, or has a Receiving Order or Administration Order made against it
  - The European Union judges that State Aid limits have been exceeded and that any grant paid should not have been paid, or a decision of the European Commission or the European Court of Justice requires payment to be withheld or recovered
- I confirm that the details given in this application are full and complete to the best of my knowledge. I understand that false declarations will invalidate my application.

## Signature

Please sign and date this application (if you have completed the form electronically you will need to print off a hard copy to sign)

<b>Signature</b>	
<b>Name (Block Capitals)</b>	
<b>Position in Organisation</b>	
<b>Date</b>	

## Application checklist

Please check that you have **included** with this application :

- **A copy of your Business Plan**
- **A full breakdown of the capital costs of the items you are seeking funding for**
- **Relevant specifications, plans and design details for the items you are seeking funding for**
- **Accounts from last financial year (if applicable)**
- **Cashflow forecast (3 years) - if this is not included in your Business Plan**

Please return the completed signed application to: Economic Development Service, Gloucester City Council, Herbert Warehouse, The Docks, Gloucester GL1 2EQ | Tel: 01452 396986 / 72 | email: [eds@gloucester.gov.uk](mailto:eds@gloucester.gov.uk)

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<b>Date Completed Form Received</b>	
<b>Follow-Up Action</b>	