

# CABINET

## Rent Grant Scheme

### Individual Cabinet Member Decision – Councillors Evelyn Archer and Abbott Bryning

#### Report of Head of Economic Development & Tourism

PURPOSE OF REPORT			
To report progress on the new Rent Grant Scheme and to outline proposals to boost the 2008/09 budget for the scheme with funding from the Lancashire Local Area Agreement.			
Key Decision		Non-Key Decision	X Referral from Cabinet Member
Date Included in Forward Plan	N/A		
This report is public			

#### RECOMMENDATIONS

- (1) That progress in implementation of the Rent Grant Scheme be noted.
- (2) That the proposal to add funding of £6,000 received from the Lancashire Local Area Agreement to the £21,800 City Council budget for the scheme be approved and the General Fund Revenue Budget be updated appropriately.

#### 1.0 Introduction

- 1.1 A report was considered by Cabinet in November 2007 setting out the impact of the Business Development Scheme and proposals to establish a new scheme targeted at new start and early stage businesses. This new scheme, providing Rent Grants of up to £2,500 to new start and expanding early stage businesses throughout the District (and engaged in eligible activities), was approved and City Council funding of £21,800 was subsequently budgeted for 2008/09 only. The Scheme was launched in June 2008 and, to date, six cases have been offered grant totalling just under £10,000, and a further seven firm expressions of interest are being taken forward. Consequently, there is a distinct prospect that the funding will be fully committed before the end of the year and the scheme would need to be closed early to new applications.
- 1.2 Through the Lancashire Local Area Agreement Economic Development Theme Group, the City Council, along with all other local authorities participating in the LAA, has received grant of £6,000 related to the achievement of business start-up targets

over the period April 2006 to March 2009. Whilst there is an expectation that this funding will support increased start up activity, there is a degree of flexibility in the precise application of the funding and we have received confirmation that the proposed use of the funding, outlined below, would be acceptable.

## 2.0 Proposal Details

2.1 It is proposed that the LAA funding be added to the current funding for the Rent Grant Scheme to give a total budget for 2008/09 of £27,800. This would serve to avoid early closure of the scheme based on existing funding alone, enabling more businesses to be supported. Whilst many of the businesses expressing interest in the scheme are not start up businesses, the assistance that can be offered will help towards business survival at a time when the economic climate for businesses is worsening. The enhanced funding would, therefore, directly contribute to LAA targets which include business survival rates as well as the number of business start ups.

2.2 Alternative uses for the funding have been considered but discounted and these are summarised in the options analysis below. The main alternative would be to fund additional start up counselling in the District. Whilst there would be merit in enabling more counselling to take place, especially for those who are not eligible for one-to-one counselling under the NWDA regional start up contract, this is complicated by there being two organisations responsible for local delivery of the contract during the period to the end of March 2009. However, should further LAA funding be available in the future, consideration will be given to supporting the availability of pre-start and early stage counselling to enhance the new NWDA start up contract which is due to begin in April 2009.

## 3.0 Details of Consultation

3.1 Consultation has not been considered necessary and has therefore not been conducted.

## 4.0 Options and Options Analysis (including risk assessment)

Options	Advantages	Disadvantages	Risks
1. Do nothing ie return the funding	None	Lost opportunity to enhance business support activity within the District.	
2. Fund additional business start up counselling within the District	The funding could support additional one-to-one counselling for non-target groups through current providers in the District (current one-to-one provision is restricted to specific groups including women, people with disabilities and ethnic minorities)	<p>i) Lancaster University has already secured limited LAA funding to provide start-up support which is not restricted to target groups.</p> <p>ii) Staff time would be incurred in selecting a provider(s), establishing a Service Level Agreement and monitoring progress</p>	

3. Increase the funding available for the City Council Rent Grant Scheme	Scheme already in place. Increases the number of cases that may be considered and the overall impact of the scheme, including additional jobs.	Minor impact on existing staff time in delivering the scheme.	Whilst current interest in the scheme indicates that all available funding would be committed, in the event that the full funding is not committed within the year there is a risk that LAA funding simply displaces City Council funding with only limited additionality. This would need to be mitigated by active promotion (mainly through networking) and monitoring of the scheme.
4. Consider options for new types of business support eg mentoring	Opportunity to test new forms of support	The level of funding available is very limited and is not recurring. Any supported activity would be limited in scope and could not be maintained.	

## 5.0 Officer Preferred Option (and comments)

5.1 Option 3 is the preferred option. The low level of LAA funding provided suggests that it should be used to enhance existing start up/early stage business support rather than support new activity which could not be maintained. By increasing the funding for the Rent Grant Scheme, it will help increase the impact of the scheme and contribute to LAA targets.

## 6.0 Conclusion

6.1 It is notable that all Rent Grant cases offered grant, or under consideration, are businesses in the creative, ICT/new media and environmental technology sectors. The proposal to enhance the scheme with additional funding is, therefore, consistent with local regeneration strategy which specifically targets these sectors.

### RELATIONSHIP TO POLICY FRAMEWORK

In enhancing the Rent Grant Scheme the proposals relate directly to the 2008/09 Corporate Plan as follows:

- the Council's medium term objectives include: 'Lead the regeneration of our District'
- the Priority Outcome to 'improve economic prosperity throughout the Lancaster district' includes specific reference to 'Launch revised business development grant scheme for 12 months' and to a Key Performance Indicator of 10 new/small businesses supported 2008/09.

## **CONCLUSION OF IMPACT ASSESSMENT**

### **(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Diversity – positive impact. New business development should lead to a wider range of employment opportunities for residents

Human Rights – no adverse impact

Community Safety – no adverse impact

Sustainability – positive impact. The scheme will enhance business survival rates.

Rural Proofing – positive impact. The scheme is available throughout the District, including all rural areas.

## **FINANCIAL IMPLICATIONS**

The proposals do not require any additional City Council expenditure. The 2008/09 budget for the Rent Grant Scheme is £21,800. The proposed addition of £6,000 LAA funding would raise the total available for Rent Grant payments to £27,800. As payments under the scheme are made in instalments, some will fall due in 2009/10. All outstanding payments at the end of 2008/09 against offers made will be treated as firm commitments and accrued for as part of the 2008/09 closedown process. As LAA funding needs to be defrayed in 2008/09, evidence will be maintained to show a minimum of £6,000 expenditure on grant payments in 2008/09 for LAA purposes.

If Option 3 is agreed then the General Fund Revenue Budget will need to be updated in 2008/09 to reflect the additional expenditure and external grant funding.

## **SECTION 151 OFFICER'S COMMENTS**

The Deputy Section 151 Officer has been consulted and has no further comments to add.

## **LEGAL IMPLICATIONS**

Legal Services have been consulted and no legal implications have been identified.

## **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and her comments have been incorporated into the report.

## **BACKGROUND PAPERS**

Cabinet report – Business Development Scheme Review, November 2007

**Contact Officer:** Bill Kindon

**Telephone:** 01524 582071

**E-mail:** [wkindon@lancaster.gov.uk](mailto:wkindon@lancaster.gov.uk)

**Ref:** n/a