

Area North Committee – 27<sup>th</sup> August 2008

## 10. Area North Small Business Development Grant Scheme 2006-2008 Evaluation (Executive Decision)

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### Purpose of the Report

To provide Members with an evaluation of the Area North Small Business Development Grant Scheme 2006-2008 and propose the continuation of a revised scheme until 2010.

### Recommendations

Members are invited to:

1. note and comment on the report.
2. support the continuation of the Area North Small Business Development Grant Scheme for a further 18 months to March 2010 with the remaining allocation of £7,640 from the Area Reserves and a further £20,000 available from the Area North Capital Programme.
3. agree that the Business Support grants are delivered by the Business Support Officer in conjunction with the Area Development Team for publicity and budget monitoring.
4. delegate financial authority to the Economic Development Team Leader in accordance with SSDC financial procedures and the revised scheme criteria, as set out in Appendix B.
5. request that consideration be given to the establishment of a district-wide business support grant scheme.

### Background

In 2005 Area North Members identified retail and small business support as a particular priority in its contribution to the District Council's efforts to develop effective regeneration strategies and practice.

Regional, Somerset and South Somerset Economic Strategies continue to place a high priority on the future growth and sustainability of the many small to medium enterprises (SMEs) in South Somerset. Community and Parish Plans also demonstrate support for the revitalisation of the Market Towns and increased business involvement in insuring the sustainability and future viability of our rural employment areas.

The Area North Small Business Development Grant was established in April 2006, for a trial period of two years, to provide grants of up to £500 to small businesses trading in Area North. In February 2007, Members received an initial evaluation report and approved a recommendation to increase the maximum grant amount from £500 to £1,000. The Regeneration Officer has been responsible for the assessment of applications with final approvals made by the Area North Chair, Vice Chair and local Ward member.

The availability of the grant was publicised in the following ways:

- Promoted at local business events
- Visits to business premises

- Details forwarded to business associations and circulated among members
- Inclusion on the Economic Development Business support pages of the SSDC website
- Inclusion on the Area Development Web pages of the SSDC website
- Local media coverage

### Outcomes 2006-2008

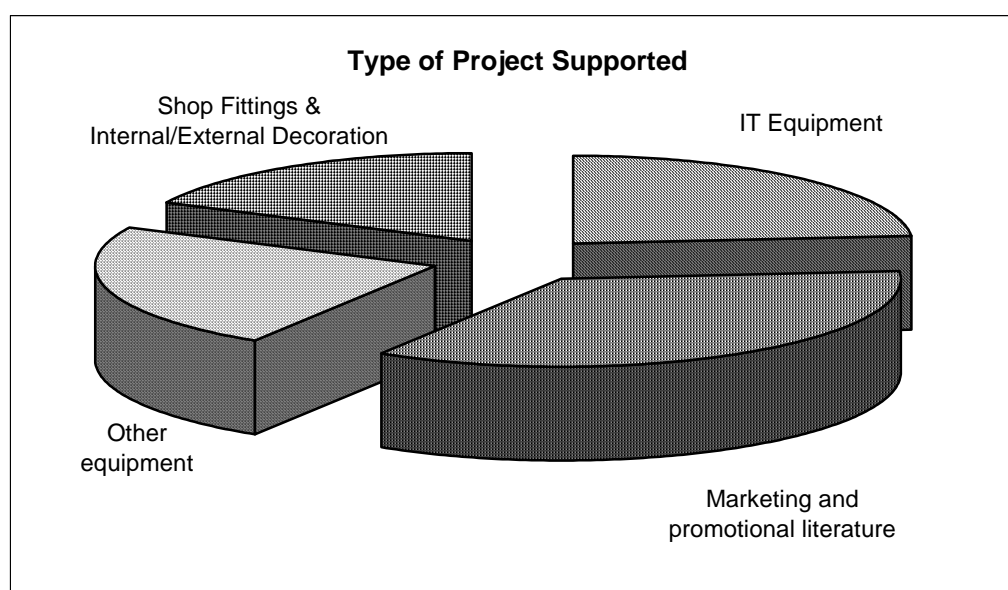
The target number of businesses to benefit from the grant scheme was 25 per year (over 2 years).

Since its launch in April 2006 the Small Business Development Grant Scheme has received a total of 45 enquiries and 22 applications, of which Members ultimately approved 17.

	April 06 - March 07	April 07 – March 08
<b>Enquiries received</b>	19	26
<b>Applications received</b>	8	14
<b>Applications approved</b>	5	12

Despite a high number of initial enquiries many did not lead to an application and a number of applications received could not ultimately be processed. Reasons for this include: the business was not located within Area North, the business had more than 10 employees, the business had expressed a general interest but did not have a project idea developed, the project was eligible for alternative funding and signposted elsewhere, projects had already commenced or been completed before a grant offer was made.

During the two year scheme a total of £10,033 has been awarded to small businesses across Area North. This investment by Area North has been match-funded by businesses to the value of £27,604. A breakdown of grants awarded by type is shown below and a summary of grants awarded presented in Appendix A:



Of the priority businesses identified at the outset, four '*Post Offices and village shops*' received grant funding.

## Applicant feedback

The comments received regarding the application process include:

“Very Easy”, “Easy and Quick” and “Straightforward”.

Of the businesses receiving grant funding, many have reported increases in their efficiency, sales and customer numbers. Other benefits included retention of staff, employment of additional staff and retention of the business in South Somerset.

## Case Studies

A summary of the difference receiving an Area North Small Business Development Grant made to two businesses is detailed below.

### Curry Mallett Post Office and Stores

*The Area North Small Business Development Grant helped owners Tim and Julia Langley achieve their project of developing an external seating area, improving first impressions and providing a perfect setting for their Friday afternoon cream teas. Since completing the works, they have seen an increased use of the outside seating area and received many positive comments from customers about the enhanced appearance of the Post Office and stores. Above all though, it has given the owners confidence in the future development of the business.*

*Tim and Julia said “As we had hoped, doing this work has created a whole new profile for the business and this can only help bring more trade over the coming months. We would like to thank SSDC for approving the grant. Without your help we would not have been able to carry out this project, something we have been very keen to do since we took over the business. “*

*Future plans include promoting the shop and café as a 'Taste of Somerset' location. They would like to re-fit the small kitchen preparation area and develop a website promoting the shop as a centre for Somerset produce, in response to increasing demand for locally sourced produce.*

### Radfords Fine Fudge

*Radfords Fine Fudge Ltd is a small independent producer of quality fudge trading from its new purpose built kitchens in Martock. The company wholesales predominantly throughout the South West and its products are available from an increasing number of local outlets. Radfords also retails through the Somerset Food Direct website and has a regular stall at the Levels Best market at Montacute House each month, as well as other local fairs and events throughout the summer.*

*There are currently two full-time employees that work alongside the owners to make, cut and pack the fudge. The staff have benefited from a full training programme that includes craft procedures, food hygiene and health & safety. One barrier to entering the high street market was the fact that the fudge has historically been poured into wooden trays. Like all newly formed private businesses, Radfords was making tough choices of which growth projects to prioritise. The grant award allowed a faster pace of growth and has enabled Radfords to reach customers with some very exacting technical standards.*

*As well as sourcing alternative plastic trays, which could withstand the high heat of the poured fudge, Radfords needed to purchase hygienic stainless steel trolleys for the safe storage of trays during cooling of the fudge. The trolleys were made to order and had a long lead-time so a fast and efficient administration of the grant ensured that the new equipment could be put to good use without delays.*

## Learning points:

Having administered the grants programme from Area North and reviewed the scheme with the Business Support Officer, the following learning points have been identified:

- The eligibility criteria were too wide, preventing targeting of key business sectors and assessment of 'real' need.
- The first come, first served approach did not enable easy prioritisation of key business sectors.
- High level PR was difficult to sustain.
- A clearer application form and checklist for applicants would have avoided or reduced the number of incomplete applications received.
- The time involved in processing grants was significant.
- The involvement of the SSDC Business Support Officer proved vital to providing a more 'complete' package of support.

## The Future of the Scheme

*SSDC's Business Support Officer:*

*"Area North's Small Business Development Grant scheme, like other grant funding programmes, such as the Local Strategic Partnership's Connecting Somerset Grants, have proved that a small amount of grant funding can bring enormous benefits to rural businesses. Evaluation of the LSP grant scheme showed that some 80% of businesses saw a noticeable increase in efficiency after the grant. Some 25% even stated that it helped to increase staff numbers.*

*As the economic downturn continues, it is vital that we do all we can to help our businesses who are the backbone of our economy. Not only does this proposed programme bring a small financial benefit to local businesses, but it also gives the Economic Development Team the opportunity to advise and signpost to a wide range of further help and advice that is available within the region."*

In light of recent Post Office closures, small business grants could provide a 'lifeline' to owners wishing to diversify their services and products to ensure long-term viability. It is proposed that Post Offices and village shops continue to be prioritised as recipients of Area North Small Business Development Grants.

Since the appointment of the District Council's Business Support Officer, within the Economic Development Service, a more targeted approach to business support has been established. To provide South Somerset's small businesses with quality professional business support and sign-posting services, which contribute to the overall development of the South Somerset economy, it is recommended that assessment and financial responsibilities are transferred to the Economic Development Service.

**Appendix B** documents the Business Support Officer's suggested process for providing business grants and additional support to small businesses in Area North in the future.

## Summary

The Small Business Grant Scheme was established with the aims of;

- Helping small businesses grow.
- Encouraging businesses to invest in their own development.
- Contributing to the delivery of LAA targets 8 and 9; *'Increase growth and sustainability of small businesses in Somerset'* and *'More sustainable Somerset rural economy'*.

- Providing business support to small businesses trading in Area North.
- To support our own learning and engagement with local businesses.

The results and responses from applicants have indicated that this is a valuable scheme, contributing to the successful development of new businesses, supporting business relocation into the area, enabling expansion and increased productivity, while encouraging businesses to access and engage with other SSDC services.

Small business grants enquiries have been received by various offices and officers throughout the District; resulting in differing quality of advice being offered at the original point of contact. What has been recognised, is the need for a consistent and client-focused approach to business support and the availability of grants within the District, regardless of location.

In the absence of a district-wide business grants scheme, it is recommended that Area North Committee continue to support small businesses in Area North with a revised Small Business Development Grant scheme for a further 18 months; working in conjunction with the Economic Development Service to deliver an enhanced package of support and ensure appropriate targeting of priority business sectors.

### **Financial Implications**

Currently £7,640 remains in the Area North reserves allocated for Area North Small Business Development Grants. The Area North Capital Programme also includes £20,000 profiled for 2008-2010, providing a mixture of capital and revenue funds to support this scheme.

### **Implications for Corporate Priorities**

This work in Area North meets the Corporate Aim of Increasing Economic Vitality and Prosperity.

### **Other Implications**

Work to support the local economy supports the objectives of the Area North market town plans, and numerous parish plans in Area North, the policy objectives of the Local Plan, tourism strategies and Somerset / South Somerset Economic Development strategies.

**Background Papers:** *Area North Small Business Support Update Report- Area North Committee February 2007, Area North – Supporting the Local Economy, Area North Committee February 2006*

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