



**Economic Success Policy Development Panel**  
**15 April 2024**

## **Business Builder – Midpoint Review**

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**Portfolio:** Economic Development

**Ward(s) Affected:** All

### **Purpose of the Report:**

For members to note the progress with delivery of the Councils "Business Builder" business support programme

### **Recommendations:**

Economic Success Policy Development Panel to agree to:

1. Recommend to Cabinet that an options appraisal for the future of the 'Business Builder' support programme is presented for consideration in February 2025.

## **1. Summary**

- 1.1 In October 2020 Broadland District Council was awarded £428,573 from the Norfolk Strategic Fund (NSF). The NSF was a one-off grant programme, funded from Norfolk's pooled business rates, that was to be used to support economic recovery activities. The funds were split equally between the seven district councils, with a larger amount awarded to the LEP/Norfolk County Council (NCC), by agreement of the Norfolk Leaders group. This was used to create and deliver our "Business Builder" business support programme.
- 1.2 Further funding became available to Broadland District Council from the UK Shared Prosperity Fund (UKSPF) and a later addendum to this in the form of the Rural England Prosperity Fund (REPF), in both cases to fund projects/programmes from 2022 to March 2025.
- 1.3 The Business Builder support programme launched in October 2022. To date, more than 182 business have been supported, with 81 grants paid resulting in £341,952 of investment into businesses in the district.

## **2. Background**

- 2.1 In October 2020 Broadland District Council was awarded £428,573 from the Norfolk Strategic Fund (NSF). The NSF was a one-off grant programme, funded from Norfolk's pooled business rates, that was to be used to support economic recovery activities. The funds were split equally between the seven district councils, with a larger amount awarded to the LEP/Norfolk County Council (NCC), by agreement of the Norfolk Leaders group.
- 2.2 As agreed with Norfolk County Council (NCC), the NSF allocation was to be used for Broadland District Council to put in place a wrap-around business support package that would incorporate: business advice, access to training, mentoring, signposting to other stakeholders and services, and grants to help facilitate business growth. From the outset there was to be one additional full-time officer (at an estimated cost of £85.5k across the course of the programme) to supplement the resources of the existing experienced team to help deliver the support programme. This was to be fully funded from the programme monies.
- 2.3 It was also agreed that a sum of £15k be committed to support the Cambridge Norwich Tech Corridor.
- 2.4 Launch of the programme was delayed due to ongoing Covid restrictions and the administration of associated grants. In July 2022, Cabinet and NCC approved a revised package of support, to be delivered by June 2025. The offer includes:
  - Online business training, one-to-one start-up advice and other non-financial support for pre-start-ups (Foundation support)
  - Smaller grants of up to £1,000 for entrepreneurs in their first two years of trading (Build-Up Grants)

- Grants of up to £5,000 to help support the growth plans of businesses that had already been trading for at least two years (Development Grants).

All grants required the businesses to co-invest in the items of expenditure that would be seeking to help grow their businesses. As agreed, the programme encourages applicants to energy efficiency improvements and environmental benefits as part of their project development and applications.

- 2.5 In responding to the Government's UK Shared Prosperity Fund (UKSPF) prospectus Broadland District Council had to agree and submit to Government for approval a three-year Investment Plan covering 1 April 2022 to 31 March 2025. One of the core aims of the fund is to "boost productivity, pay, jobs and living standards by growing the private sector" through the investment priority "support for local businesses and people and skills". In accordance with that agreed Investment Plan a further £130k was made available to build upon this existing work stream supplementing the NSF funding to enable the Council to support the growth plans of more local businesses via the established Business Builder support programme in accordance with the grant structure and values set out above.
- 2.6 The Rural Prosperity Fund is a top-up to the UKSPF and is available to eligible local authorities in England. It succeeds EU funding from LEADER and the Growth Programme which were part of the Rural Development Programme for England. It can only be used to fund capital spending that supports new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. Only part of the district qualifies as rural and the following are generally excluded: Hellesdon, Drayton, Taverham, Thorpe Marriott, Old Catton, Sprowston, Thorpe St Andrew, St Andrews Business Park/Broadland Business Park/Meridian Way.
- 2.7 As agreed by Cabinet, £519,552 of the Council's allocation has been ring-fenced to provide larger capital grants to enable growth in Broadland based businesses.
- 2.8 Businesses are able to apply for up to £25,000 of capital funding at a 50% intervention rate. Broadland District Council is using this capital funding to provide match funding to approved projects up to maximum of £25k grant award per successful applicant. Projects eligible for consideration when they will deliver one or more of the following:
- a) additionality in productivity in the business, or in the efficient use of resources
  - b) additionality in diversifying into new income streams (this is available to farm businesses, as well as other businesses)
  - c) additionality in the carbon reduction of the business, or other positive environmental impacts
  - d) additionality in making the business more resilient to natural hazards

Additionality in this context, means "the positive impact or outcome that would not have otherwise occurred without that capital investment".

- 2.9 In each case these larger capital grant applications go before an internal panel of senior Finance/Economic Growth Officers (chaired by the Assistant Director for Economic Growth) for decision on whether to approve a grant award. Further details of eligibility and the operation of this programme is available on the Council's website on the Rural Business Builder Capital Grant page.
- 2.10 The operation of the UKSPF programme as a whole (which incorporates the REPF) is subject to a comprehensive assurance process with reporting of progress of the wider SPF programme being overseen by a local partnership group, the SPF Board, looking at the delivery of the fund.
- 2.11 As required by DLUHC, progress against agreed outputs and outcomes for UKSPF and REPF are reported on a quarterly basis. The contracted outputs and outcomes for the project are as follows:

UKSPF - Intervention E23 Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks

- Output – Number of businesses receiving non-financial support: 100
- Output – Number of potential entrepreneurs provided assistance to be business ready: 30
- Outcome – Number of businesses adopting new to the firm technologies or processes: 20
- Outcome – Number of businesses engaging in new markets: 4

REPF – Intervention 1.1 Funding (capital grants) for small scale investment in micro and small enterprises in rural areas

- Output – Number of businesses supported: 12
- Outcome – Number of jobs created: No number specified, however, delivery must be evidenced

### **3. Current positions/findings**

- 3.1 A dedicated Business Builder Economic Development Officer joined the team in September 2022 to lead on delivery of the grants, supplementing existing officers in providing start-up advice and other business support. The programme officially launched in October 2022.
- 3.2 Availability of this support has been publicised via our fortnightly business newsletter, at Business Breakfasts, at other business events, via social media and when calling on local businesses.
- 3.3 Following the success of the Broadland Business Builder support programme, South Norfolk approved use of their UKSPF and REPF allocations to launch a similar scheme. The salary for the Business Builder Economic Development Officer is split across the two authorities. All grants and the additional staffing resources are fully funded from external funds and do not draw upon the Council's core budgets. We will need to explore funding options to continue to provide an

evolved business support package under the umbrella of 'Business Builder' post 30 June 2025.

3.4 The table below shows some of the volumes associated with our support provision so far:

|   | Number of applications | Number of businesses paid a grant to date | Total financial awards already paid out | Funded licence to online business training resource |
|---|------------------------|---|---|---|
| Number of businesses accessing pre-start-up advice service                                      | 43                     | Not applicable                            | £ Nil                                   | 22 @ % £65 per licence                              |
| Build-Up Grants to support growth in businesses in their first two years of trading             | 32                     | 24  | £22,306                                 |   |
| Development Grants to support growth in businesses that have been trading for two years or more | 77                     | 50  | £181,227                                |   |
| Rural Capital Grants of up to £25k each   | 30                     | 7   | £138,419                                |   |
| Total   | 182                    | 81  | £341,952                                |   |

3.5 We visit all applicants so that we can have a face-to-face discussion to understand where they may need advice, where applicable how a grant might support their growth plans within the structure of this support programme and to connect them with other services/agencies.

3.6 A year on from when the first grants were paid we will be beginning a review exercise following up to see the difference the grants/support interventions have made beyond the commitments made at the outset, so that we can report on specific outcomes to funding providers.

3.7 Examples of cases where the Business Builder programme has supported a business in becoming greener by part funding:

- Commissioning of two new day boats moving them over to electric powered in the process.

- Equipment and training for a plumbing and heating business to take on an additional employee, enabling the business to increase capacity for air source heat pumps installations.
  - Two landscape/gardening businesses to replace petrol-powered mowers with rechargeable ones.
  - Enabling a visitor attraction to create additional activities by creating wildlife dipping ponds, increasing biodiversity and acting as a soakaway for excess water run-off from their car park.
- 3.8 Other examples illustrating how grants have helped support business growth by part funding:
- Towards the fit out of a new gym allowing a growing gym to move to a larger premises, to increase the amount of equipment in the gym and allow them to expand their membership.
  - The specialist training and initial salary costs for a business to take on another member of staff as the business grows. This allowed the business to scale up its operation by opening extra days of the week and taking more bookings.
  - The fit-out costs for a food production to outgrow a home-based operation and set up in purpose-built premises giving them the capacity to service much larger customer orders.
  - A specialist printing machine which allowed the business to bring the print production “in-house” and to offer other products alongside their graphic design services.
  - A food producer to invest in a blast chiller to improve the quality and finish of their high-end, award-winning frozen food. The purchase of the blast chiller has allowed them to bid for larger contracts overseas and in leading supermarkets.
- 3.9 Further detailed case studies featuring testimony from businesses supported by the programme are available to view from the [Business grants and funding page of the Council’s website](#).
- 3.10 Applications for the rural business builder grants have been received equating to in excess of £500,000. The available funding is expected to be fully committed in the near future with all projects aiming to complete by December 2024.
- 3.11 In terms of those rural business builder grants so far 12 businesses have received the approval from our panel that we will part-fund their project to a combined value of over £225,396 of our £519,552 two-year funding pot. The intended reportable outcomes/outputs from those approved cases are that we will have:
- Supported 12 businesses, and
  - Supported investment which is anticipated to lead to the creation of 41.5 jobs
- 3.12 The Foundation support, Build-Up & Development Grants funded through NSF and UKSPF have sufficient funds to continue at the current rate of distribution. From all the funding sources there is approximately a £655,000 to pay out in grants between now and June 2025. Much of this is already the subject of applications for funding towards capital projects and business revenue expenditure that are yet to be approved, incurred, evidenced or drawn down.

#### **4. Proposed Action**

- 4.1 Officers to continue delivery of the business builder programme using SPF & REPF funds through to 31 March 2025 and NSF funds through to 30 June 2025. To include ongoing monitoring and evaluation of the investments.
- 4.2 To explore funding options to continue to provide an evolved business support package under the umbrella of 'Business Builder' post 30 June 2025.

#### **5. Other options**

- 5.1 To stop delivery of the programmes and return funding to providers. Much of the remaining funding, particularly for the larger capital grants, is already the subject of applications that have been submitted and expenditure committed awaiting delivery of projects. This action would potentially deny Broadland based businesses hundreds of thousands of pounds of grant support.
- 5.2 Negotiate an arrangement with an alternative provider to process grant applications and put in place contractual arrangements for them to do so. The time taken to put such arrangements in place halfway through the SPF/REPF programme would prejudice the likelihood of being able to distribute all of the funding to local businesses within the required timeframe. Other authorities that are operating in this way locally are seeing slower uptake of funding.
- 5.3 Suspend the grant schemes and go through the process of getting rescoped schemes agreed, process and webforms redesigned, implemented and promoted – while still delivering on the agreed outcomes. We have a scheme that is generally well understood by local businesses and well developed in terms of our operational arrangements. Significant variations to grant schemes would need agreement from DLUHC for UKSPF/REPF and NCC for NSF funding. Lost momentum in delivery may prejudice full distribution of the funding support available.

#### **6. Issues and risks**

- 6.1 UKSPF and REPF funding must be fully spent by 31 March 2025. Demand for the funding must be managed to ensure funds are spent in line with DLUHC requirements.
- 6.2 Any variations to the agreed project delivery, milestones, outputs or outcomes must be agreed by DLUHC for UKSPF/REPF and NCC for NSF funding.
- 6.3 It is likely that approved cases for the REPF funded Rural Business Builder Capital Grant will exhaust the funds available in the next few months. Officers will continue to signpost to alternative sources of funding, however there are limited options for significant capital grants limiting future support for business growth.

## **7. Conclusion**

- 7.1 In-house delivery of the business builder support programme has proven an effective means of engaging with the local business community. Since the programme launched in October 2022, over 180 businesses have engaged with the team and 81 grants have been paid totalling £341,952 of investment in the district.

## **8. Recommendations**

Economic Success Policy Development Panel to agree to:

1. Recommend to Cabinet that an options appraisal for the future of the 'Business Builder' support programme is presented for consideration in February 2025.

### **Background papers**

- Norfolk Strategic Fund grant: Business Builder, Cabinet, 19 July 2022
- Shared Prosperity Fund – Investment Plan, Cabinet, 19 July 2022
- Rural England Prosperity Fund, Cabinet, 29 November 2022