



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

24TH SEPTEMBER 2020

REVIEW OF REGENERATION BUSINESS GRANTS PORTFOLIO

REPORT OF DIRECTOR OF PROSPERITY AND DEVELOPMENT IN DISCUSSIONS WITH THE CABINET MEMBER FOR ENTERPRISE, DEVELOPMENT AND HOUSING, COUNCILLOR BEVAN

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1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to seek approval to refocus the existing business support grant schemes delivered by the Regeneration Service, and to establish three further schemes – the Town Centre COVID 19 Recovery Grant, the Major Projects Investment Fund and the Flood Resilience Grant.
- 1.2 These grant schemes will enable the Council to provide a portfolio of financial investment which will support businesses to respond to the economic challenges they face, helping them build their resilience, support economic growth and diversification with the aim of stimulating future private sector investment.

2.0 RECOMMENDATIONS

It is recommended that:

- 2.1 The purpose of the Enterprise Investment Fund and Town Centre Maintenance Grant is refocused to incorporate actions, as set out in paragraph 5.1.3 and 5.2.3 of this report, to more effectively support business recovery post COVID-19.
- 2.2 A new RCT Town Centre COVID-19 Recovery Grant is established to deliver Welsh Governments Transforming Towns Grant of £350k.
- 2.3 A Major Projects Investment Fund is established to provide targeted investment for projects led by external organisations, which will deliver significant economic benefit.

- 2.4 A Flood Resilience Grant is established to provide targeted support for businesses in Town Centres who were severely impacted by the significant flooding caused as a result of Storm Dennis.

3.0 REASONS FOR RECOMMENDATION

- 3.1 The Coronavirus pandemic has had and will continue to have a significant impact on the global, national and local economy. The economy is now moving from lockdown, to a position where restrictions are gradually lifting, and more businesses are able to re-open.
- 3.2 Given the level of financial investment that the Council delivers to external organisations to support the local economy, it is of crucial importance that these delivery mechanisms are reviewed to ensure they are fit for purpose and can continue to support businesses to survive, diversify and hopefully grow in this uncertain economic climate.

4.0 BACKGROUND

- 4.1 The Rhondda Cynon Taf Corporate Plan focuses on building a sustainable County Borough, with a particular focus on supporting initiatives that stimulate economic growth and create jobs, and the Regeneration Service has several existing grant schemes available to support businesses in Rhondda Cynon Taf.
- 4.2 The economy in Rhondda Cynon Taf has been severely impacted as a result of the devastating storms and flooding at the start of the year, and the COVID-19 pandemic and subsequent lockdown measures. With the focus now looking towards recovery, it is an appropriate time to review the existing portfolio of business grants and consider any proposed new interventions. This will ensure that the financial assistance available can effectively support businesses to respond to the economic challenges they face, helping them build their resilience, support economic growth and diversification with the aim of stimulating future private sector investment.

5.0 BUSINESS SUPPORT GRANT SCHEMES - PROPOSALS

5.1 Enterprise Investment Fund (Existing)

- 5.1.1 This Fund currently supports sustainable economic growth across RCT by investing in small and medium size enterprises (SMEs) which contribute to creating a vibrant and strong local economy. It supports capital expenditure for **start-ups and existing enterprises** (both private and social).
- 5.1.2 The 2020/21 budget is £257K. The maximum grant intervention rate is 50% and the maximum grant is £10K.
- 5.1.3 There continues to be a high level of interest in the Fund as businesses begin to re-open. Many applicants are proposing to use their COVID NDR Business Support Grant as their match funding contribution. It is proposed that the current focus of the Fund on supporting growth should now be revised to be able to

support business adapt and/or diversify in response to the current economic circumstances.

5.2 Town Centre Maintenance Grant (Existing)

5.2.1 This Fund supports town centre traders / landlords to undertake minor improvements and maintenance works to the external front elevation of town centre properties (including vacant properties). The aim is to contribute to a positive impact on the street scene, creating a more attractive and vibrant environment, which increases retail spend and stimulates further private sector investment.

5.2.2 To date the scheme has been operational in Mountain Ash, Tonypany, Treorchy, Aberdare, Ferndale and Porth. The maximum grant intervention rate is 75% and the maximum grant is £1K (possible extra £300 for skip hire / scaffold costs). The original budget was £266K.

5.2.3 The number of applications has recently started to increase as many businesses start to re-open following lockdown. It is proposed to update the current focus of the Fund **to include actions that facilitate social distancing such as small scale shop front modifications** (in line with any required statutory consents).

5.3 Town Centre COVID-19 Recovery Grant (Proposed)

5.3.1 Welsh Government has recently approved a re-purposing of elements of the Transforming Towns 2020/21 budget to allow some flexibility in adapting to the comprehensive social distancing changes required in town centres as a result of the COVID-19 pandemic. This will support businesses and contribute to providing a high street environment where people feel safe to return to.

5.3.2 This **capital funding** is to be used for external interventions which will facilitate social distancing and a lower density of occupation in external areas where customers and members of the public will meet, be served food or drink or rest. Any measures supported will need to be COVID secure.

5.3.3 Examples of the type of specific interventions the grant could support include;

- Outdoor enhancements that facilitate outdoor trading space i.e. outdoor awnings, canopies, outdoor heating;
- Outdoor tables, chairs and seating provision
- Outdoor screening, bollards and planters
- Outdoor serving facilities
- Small Green Infrastructure schemes
- Electrical supply and lighting to outdoor trading space
- Courtyard/rear garden improvements and adaptations such as public realm

5.3.4 With an allocation of **350K** for 2020/21 (per LA) from the Welsh Governments Transforming Towns budget, it is proposed to establish a new RCT Town Centre COVID-19 Recovery Grant as the mechanism to deliver these interventions. The maximum grant intervention rate for these measures will be up to **80%** as set out by Welsh Government, with a maximum grant of **£10K** per business application.

5.4 Major Projects Investment Fund (Proposed)

5.4.1 Many of the initiatives that will stimulate economic growth and recovery will be led by organisations other than the Council, including private sector businesses, investors, property owners, Registered Social Landlord's or third sector based organisations. In certain circumstances there may be a clear funding gap which prevents successful delivery of a key economic growth opportunity.

5.4.2 With an initial allocation of **£100K**, it is proposed to establish the Major Projects Investment Fund which will act as a lever to unlock the potential opportunities and economic benefits of a project that may otherwise not proceed. The Fund will provide targeted investment on a case by case basis by invitation only, and would not be an open programme for applications.

5.4.3 Examples of the type of project the Fund could invest in are;

- Construction / redevelopment of key premises for commercial/industrial / visitor economy use
- Provision of infrastructure at key development sites
- Acquisition of land or commercial/industrial/disused or derelict property
- Projects related to significant inward investment

5.4.4 To secure this investment, organisations will need to provide a Business Plan/Business Case which clearly identifies;

- Fit with the priorities set out in the RCT Corporate Plan.
- The funding gap and rationale for investment from the Fund.
- The economic benefits and measurable outcomes that will be achieved.
- The proposal is deliverable and sustainable.

5.4.5 The Business Plan will be reviewed by officers from Prosperity, Development and Frontline Services, Finance and Digital Services and any other Service Area appropriate to the focus of the proposal to apply relevant and proportionate due diligence to the investment proposal.

5.5 Flood Resilience Grant (Proposed)

5.5.1 A significant number of businesses across Rhondda Cynon Taf were severely impacted by the significant flooding caused as a result of Storm Dennis in February 2020.

5.5.2 It is proposed to establish the Flood Resilience Grant which will provide targeted support for businesses that were affected (and are still viable) in Town Centres.

It will support the implementation of anti-flood measures which will improve business resilience to deal with any such potential weather events in the future.

5.5.3 Feedback at the time from affected businesses suggested that key areas the Fund could focus assistance on would be;

- Doors (internal and floodgates to doorways)
- UPVC floor coverings and skirting
- Internal moisture resistant wall boarding
- Raising of power points

5.5.4 Based on costs provided by RCT CBC Quantity Surveyors such works would cost an estimate of £96/m² plus VAT.

5.5.5 The Fund has a budget of **£300K**. The maximum grant intervention rate will be 75% up to a maximum grant of £7,500 based on the work described above and potential eligible businesses.

6.0 EQUALITY AND DIVERSITY IMPLICATIONS

6.1 An Equality Impact Assessment (EqIA) screening form has been prepared for the purpose of this report. It has been found that a full report is not required at this time. The screening form can be accessed by contacting the author of the report or the Cabinet Business Officer.

7.0 CONSULTATION

7.1 None required.

8.0 FINANCIAL IMPLICATIONS

8.1 The resources for these changes will be allocated from the management of existing budgets within the Prosperity & Development Service. This will include a £300,000 budget identified for support for flood affected businesses and an initial budget of £100,000 for the Major Project Investment Fund.

8.2 In relation to the establishment of a new RCT Town Centre COVID-19 Recovery grant, Welsh Government have allocated £350K of capital funding from their Transforming Towns budget for 2020/21.

9.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

9.1 State Aid legislation associated with any investment awarded will be considered on a case by case basis.

10.0 LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

10.1 This review and refocus of financial assistance the Council delivers to external organisations to support the local economy, is of crucial importance to ensure

it is fit for purpose and can continue to support businesses to survive, diversify and hopefully grow in this uncertain economic climate. This will contribute to achieving the “Economy” priority within the Corporate Plan.

- 10.2 It will also make a significant positive contribution to the seven goals set out in the Well-Being of Future Generations Act, in particular a prosperous Wales, a resilient Wales, a healthier Wales and a Wales of cohesive communities.

11.0 CONCLUSION

- 11.1 The economy in Rhondda Cynon Taf has been severely impacted as a result of the devastating storms and flooding at the start of the year, and the COVID-19 pandemic and subsequent lockdown measures. With the focus now looking towards recovery, it is an appropriate time to review the existing portfolio of business grants and consider proposed new interventions. This will ensure that the financial assistance available can effectively support businesses respond to the economic challenges they face, helping them build their resilience, support economic growth and diversification with the aim of stimulating future private sector investment.

Other Information:-

Relevant Scrutiny Committee:
Finance and Performance Scrutiny Committee

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LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

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Background Papers

None.

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