



DRAFT PORTFOLIO HOLDER DECISION NOTICE

PROPOSED INDIVIDUAL DECISION BY THE LEADER

TOPIC – USE OF LABGI RECEIPTS FOR RECESSION SUPPORT FOR LOCAL BUSINESSES

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Corporate Director (Governance), the Chief Executive and the Head of Finance are consulted together with Chairman and Vice Chairman of the Principal Scrutiny Committee and all Members of the relevant Scrutiny Panel (individual Ward Members are consulted separately where appropriate). In addition, all Members are notified.

Five or more of these consulted Members can require that the matter be referred to Cabinet for determination.

If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Committee Administrator by 5.00pm on 19 June 2009

Contact Officers:

Case Officer: Head of Economic and Cultural Services, Eloise Appleby,
Tel: 01962 848 181, Email: eappleby@winchester.gov.uk

Committee Administrator: Eleanor Hogston, Tel: 01962 848 155, Email: ehogston@winchester.gov.uk

SUMMARY

- Committee paper CAB1815 was approved at Cabinet, Principal Scrutiny Committee and Full Council during March and April 2009. It set out plans to use £400,000 from previously unallocated LABGI reserves to support local businesses during the recession.
- This Portfolio Holder Decision Notice refers to items f, g and h on the recommendations of CAB1815, which are respectively:
 - f) business rate relief
 - g) business start-up grants

- h) village/community shop grants
- CAB1815 recommends that the criteria required for the proper administration of these three schemes be approved through the Portfolio Decision Notice process.
- The three appendices to this Notice set out the proposed criteria, which have been drawn up to ensure that the schemes are relatively simple to apply for; easy to administer by officers, and targeted at small to medium businesses with a proven need for support. Officers have taken into consideration:
 - similar schemes in operation in other areas which are considered to work effectively;
 - Member comment and debate raised during the committee approval process, and
 - advice from internal colleagues and external partners such as Business Link.
- This work directly supports the economic prosperity theme of the Sustainable Community Strategy.
- The total allocated for these three schemes in 2009/10 and 2010/11 is £165,000.
- Members should note that they are not being asked for approval of the schemes themselves, but for the three sets of criteria which will govern the schemes and which can be found at Appendix 1, 2 and 3.

PROPOSED DECISION

- That the Leader approves the criteria for the three schemes for business support set out in this paper, including the revised policy for Business Rate Relief (Hardship Relief) set out at Appendix 1.
- That the Leader authorises officers to implement these schemes with immediate effect based on these criteria.

FURTHER DETAILS

Project f: Business rate relief (hardship relief)

Small business rate relief is automatically applicable to qualifying businesses and can be applied for online at any time. No change is proposed to the existing criteria, which are determined nationally.

The Council can also make available hardship rate relief on a discretionary basis. The Council is liable for 25% of the total hardship relief awarded, with the remaining

75% paid by Government. The Council's 25% is the element to be paid for out of the allocated LABGI recession support budget.

The amount of the award will vary from case to case, and will be determined by the application of a set of criteria. ***It is the Council's revised policy (including the criteria) for hardship relief which Member approval is now required. This can be found in full at Appendix 1.***

Project g: Business start up grants

During the recession, having the initial funds to start a business can be a real struggle. However, entrepreneurship is important in ensuring a vibrant and diverse economy in the future.

Grants of up to £1,000 have been approved by Members for new businesses setting up within the Winchester City Council boundary, using a total allocation of £50,000 from the LABGI funds. The figure of £1,000 is double the value of start up grants offered by other local authorities in Hampshire, and would be sufficient for a new business to purchase initial IT equipment, advertising space or bespoke training in order for the business to begin.

Member approval is required for the criteria to determine eligibility, as set out in Appendix 2.

Project h: Village / community shop grants

Members approved a scheme to make grants available to village shop schemes, where there are plans for community ownership of the shop to ensure its survival, or other innovative solutions are found to make the shop a sustainable enterprise. This will help to ensure the vibrancy of village and community centres, a key aspect of maintaining a sense of place for residents, and for the many home workers in our rural areas especially. Grants would be one-off contributions to capital costs only, and a maximum of £20,000 per shop on a first-come, first-served basis to a total provision of £80,000 over two years.

Member approval is required for the criteria to determine eligibility, as set out in Appendix 3.

REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

These three schemes must adhere to a set of approved criteria to ensure that they are equitable and effective. As is made clear earlier in this report, the criteria have been drawn up with the benefit of consultation and desk top research.

**FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED
FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION
NOTICE**

N/A

**DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR
OFFICER CONSULTED**

None

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

N/A

Approved by: (signature)

Date of Decision

Councillor George Beckett, Leader with Portfolio for Economy and Tourism

Appendix 1

Winchester City Council Business Rate Relief (Hardship Relief) Scheme

POLICY AND CRITERIA

Background

Section 49, Local Government Finance Act 1988 provides that the billing authority for National Non Domestic Rates (NNDR or 'business rates') has the power to reduce the amount a person is liable to pay provided the authority is satisfied that:

- a) the ratepayer would sustain hardship if the authority did not grant relief, and
- b) it is reasonable for the authority to grant the relief, having due regard to the interests of the council tax payers.

National Policy Guidance

Although there is no statutory definition of 'hardship' some guidance has been provided by the government to assist in the consideration of hardship applications. This states that:

- i) a blanket approach, either to give or not to give relief, should not be adopted by the authority: each application should be considered on its own merits;
- ii) any relief granted should be the exception rather than the rule;
- iii) the test of hardship may not necessarily be a financial one: all relevant factors affecting the ability of a business to meet its liability for rates should be taken into account;
- iv) the 'interests' of local tax payers in an area may go wider than direct financial interests, for example where local employment prospects would be worsened by a company going out of business, or the amenities of an area might be reduced by, for instance, the loss of the only shop in a village;
- v) where the granting of the relief would have an adverse effect on the financial interests of local tax payers, the case for reduction of rates may still, on balance, outweigh the cost to the local tax payers.

Winchester City Council Guidelines

Authority to award this relief is delegated to the Head of Revenues in consultation with the Portfolio Holder for Finance and Efficiency (or in his/her absence the Leader of the Council). 25% of the cost of this relief is met by the authority.

The Council has developed the following policy and procedural guidelines and to ensure that the case for hardship is clearly and equitably established:

i) Policy Guidelines

- a) Any decision must be balanced against the wider interests of the council tax payers of the District.
- b) There must be proof that hardship exists.
- c) Evidence must be provided to support the application.
- d) The amount of rates that will be remitted will depend upon the circumstances of each case.
- e) Applications will be effective for a specific period and may then be reviewed.
- f) Relief will be withdrawn on the sale of the business.
- g) The purpose of this policy is to support local businesses in the community. In assessing this factor the Council will normally consider the following criteria:
 - the business's contribution to local distinctiveness (eg history, character, shopping offer of the district);
 - the nature of the business, taking into account whether it is one of the five recognised core sectors of the Winchester economy (knowledge/creative industries; service; tourism; retail, farming/land-based);
 - the size of the business: the Council would normally prioritise smaller businesses (ie employing up to 25 people), although relief is in principle available for all businesses;
 - how the granting of rate relief will be in the interest of council tax payers.

ii) Procedural Guidelines

All applicants for hardship relief will be required to submit the following:

- a fully completed application form
- accounts for the previous two years, audited as applicable
- proof of hardship (eg trading figures, customer trends, projections)
- a recovery plan demonstrating how hardship relief will support other efforts being made to manage the situation

All applications will be referred to Business Link Hampshire and Isle of Wight for a business review as part of the assessment process.

Updated and approved June 2009

Appendix 2

Winchester City Council Start-Up Grants

ELIGIBILITY CRITERIA

Background

The City Council's start-up grants scheme is designed to foster enterprise and diversity in support of the economic prosperity outcome of the Winchester District's Sustainable Community Strategy. Grants of up to £1,000 are available for new businesses which are able to satisfy the assessment criteria.

Criteria

Start-Ups will be considered in any business sector, but in the event of high levels of competition for the grants priority will be given to those businesses which:

- a) will make a positive contribution to the local distinctiveness of the District (eg history, design, reputation, character, shopping offer), and/or
- b) are from one of the recognized five core sectors of the Winchester economy (knowledge/creative industries; service; tourism; retail or farming/ based).

Applicants must demonstrate that:

- a) they have taken advantage of free advice from Business Link who will refer to other sector support agencies (eg TSE, CIBAS) as appropriate.
- b) the business has been in operation – even informally - for fewer than six months at the time of application;
- c) the business provides full time or main employment for the applicant;
- d) the business is based in the Winchester District;
- e) they will strive towards environmentally sustainable practices in their business (eg waste reduction, energy efficiency, use of local suppliers);
- f) any planning / building control / licence or other necessary consents have already been obtained or are clearly in hand.

Applicants will meet with personnel from the City Council or its nominated agent (eg Business Link) as part of the decision making process.

Restrictions and Requirements

- i) Only one grant will be made available per business.
- ii) Most grants will be determined within one month of application.
- iii) Grants will be allocated subject to the availability of funding from Winchester City Council.
- iv) Grants will not be made available for applicants who owe the Council money.
- v) Successful applicants will be required to adhere to a set of basic terms and conditions to ensure proper use of public money.

- vi) Successful applicants will be required to host one further assessment visit from the City Council or its nominated agent as part of the evaluation process.
- vii) 30% of the grant will be awarded once an application has been approved. The remaining 70% will be awarded subject to a six-month evaluation showing the business to be sustainable.

Appendix 3

Winchester City Council Village/Community Shop Grant Scheme

ELIGIBILITY CRITERIA

Background

The village / community shop grant scheme is a one-off payment to village or community shop in Winchester district. The grant can be applied for at any time during the financial year, and is for a maximum of £20,000.

The scheme is designed to preserve essential local services for rural communities, and to stimulate new models of operation of traditional shops which have become unviable.

Criteria

Applications will be assessed against the following criteria:

- a) a proven need for grant funding;
- b) the identified use for the grant, which must be to support one-off costs (eg those associated with a community purchase of a shop; for a refurbishment; for a re-launch/marketing campaign; for professional advice to support a community ownership scheme). Costs may be capital or revenue, but may not be ongoing overheads for the business;
- c) the future viability of the business;
- d) evidence that the shop provides for the needs and aspirations of local residents;
- e) a commitment that the business will strive towards environmentally sustainable practices (eg sensitive energy and water use; waste reduction; stocking of local produce);
- f) any planning / building control / licence or other necessary consent have already been obtained or are clearly in hand.

Applicants must demonstrate that they are genuinely representing the village/community shop for which the grant is claimed, and that they have taken advantage of free advice from agencies such as Business Link.

The applicant will receive a personal visit from the City Council or its nominated agent (eg Business Link) as part of the decision-making process.

Restrictions and Requirements

- i) Only one grant will be made available per shop.
- ii) Most grants will be determined within two months of application.
- iii) Grants will be subject to compliance with the appropriate consents, licences and legislation.
- iv) Successful applicants will be required to adhere to a set of basic terms and conditions to ensure proper use of public money.

- v) Successful applicants will be required to host one further assessment visit from the City Council or its nominated agent as part of the evaluation process.