



**REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL
SUSTAINABILITY COMMITTEE ON 24 AUGUST 2021**

SUBJECT: MORAY BUSINESS START-UP GRANTS

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To seek approval from Committee to launch a Business Start-up Grant fund for small businesses to aid the economic recovery.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified Committee structure as a result of the COVID-19 pandemic. In the case of this Committee, the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (paragraph 9 of the Minute refers).

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- (i) authorise the launch of a Moray Business Start-up grants scheme for this financial year;**
- (i) agree that savings from the Business Gateway services are utilised to fund this scheme, resulting in no additional cost to the Council; and**
- (ii) note the offer of match grant funding from Highlands and Islands Enterprise.**

3. BACKGROUND

- 3.1 Business Gateway service aims to stimulate local economic activity by supporting individuals to turn ideas into commercial reality. As we start to emerge from the impact of the COVID-19 crisis, it is critical that Business Gateway, an integral part of the Council Economic Growth and Regeneration Team, is in a position to deliver targeted support to stimulate and encourage new Small and Medium Enterprises (businesses employing between 10 and 100 people) and new Micro businesses

- 3.2 Based on the wide range of enquiries received in recent months from individuals thinking about starting a new business and feedback from Moray stakeholder partners, there is a demand for financial assistance in particular as High street banks are reluctant to provide any aid. As Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loans are now having to be repaid, it's difficult for existing and new businesses to borrow.
- 3.3 Highlands & Islands Enterprise (HIE) have committed to provide a grant of £37,500, which will be matched by the Council contribution of £37,500 – creating a total fund of £75,000. The Council contribution will come from existing Moray Business Gateway LGAP Funds underspend which were approved to be carried forward in June by council, into the current financial year (£19,000). In addition a portion of the BG the budget (£18,500) planned to deliver larger events in 2021/22 such as the Moray Showcase Event and the Annual Fundraising Event would also be committed to this fund. Given that COVID restrictions have only recently been relaxed, this does not allow enough time to plan events of this scale with stakeholder partners and deliver them in this financial year. No additional budget is being requested.
- 3.4 The overarching aims, objectives and rationale for this fund are for new businesses to have access to some finance, that will ensure ideas and concepts are converted into new ventures. A start up grant of £1,500 would be awarded to successful applicants and will be open to all sectors. It will result in the following:
- To respond to the unprecedented effects of the Covid-19 crisis on new business start-up rates in Moray
 - To enable Business Gateway Moray to continue to provide relevant support, specific to the changing needs of the business community.
 - To mitigate and plan for a potential increase in furloughed employees not being retained once the scheme ends in September 2021 – many of those starting new ventures are likely to require additional financial support
 - To help new start businesses with any costs related to starting a new business venture, where they meet key eligibility criteria.
 - To offset the reluctance of support from the financial sector for new start-up businesses
- 3.5 The draft guidelines and criteria is attached as **APPENDIX I**. If the proposal is approved, it is anticipated that the Moray Business Start-Up grants will be launched in September 2021 and end in March 2022 or earlier should the funds be exhausted. The MEP in October 2020 concluded that business continuity and resilience should be at the heart of the recovery process in establishing actions to accelerate economic recovery. We have looked at and reviewed the options proposed at that time and have concluded with HIE that funds should applied for a Business start-up fund given the continuing challenges facing those seeking to start-up a new venture at this time.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The proposal will contribute to achieving the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan. Reference has also been made to the Economic Recovery strategy and due consideration has been given to other options recommended by the MEP before concluding this financial support package is the right way forward.

(c) Financial implications

There are no financial implications as it is proposed to utilise 19k Local Growth Accelerator Programme returned ERDF funds (approved by Council in June). In 2021/22 some of the BG budget was planned to deliver the Moray Business Showcase event and other large events. We propose that the original allocation of £18,500 from the BG budget for this should now be put into the Moray Business start-up Fund.

(d) Risk Implications

There are no risks arising from this report.

(e) Staffing Implications

The Moray Business Start-Up Grants will be delivered in-house by the Business Gateway team assisted by Moray Council Economic Growth and Regeneration colleagues and can be accommodated within existing staff resources.

(f) Property

There are no property implications.

(g) Equalities/Socio Economic Impact

The Moray Business Start-up grant scheme will bring economic investment into Moray areas, some of which some are characterised by low wages, low rates of full-time employment, wealth deprivation and child poverty.

(h) Consultations

Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, Paul Connor (Principal Accountant), the Equal Opportunities Officer and Tracey Sutherland (Committee Services Officer) have been consulted and their comments incorporated.

5. CONCLUSION

- 5.1 The Moray Business Start-up Grants will provide much needed financial support to entrepreneurs seeking to launch new ventures in Moray and it will help to recover from the unprecedented effects of the Covid-19 crisis on new business.**
- 5.2 This is an opportunity for the Council in partnership with HIE to lead on an initiative that will deliver targeted support to stimulate and encourage new Micros and SME's.**

Author of Report: Craig Robertson, Business Gateway Manager
Background Papers: Documents on file in Economic Growth & Regeneration section
Ref: Economic Recovery Report October 2020