

Item: 21

Special General Meeting of the Council: 30 June 2020.

Small Business Training Grant – Pilot Scheme – Review.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To review the Small Business Training Grant pilot scheme.

2. Recommendations

The Council is invited to note:

2.1.

That, in July 2019, the Council agreed to a one year pilot scheme offering grant assistance to eligible businesses towards non-statutory staff development and training, up to a maximum sum of £1,000 to any single business.

2.2.

That a review of the Small Business Training Grant pilot scheme has been completed, prior to the pilot scheme closing on 10 July 2020.

2.3.

That, although uptake of the Small Business Training Grant has been slower than anticipated, it is on a par with the uptake rate of the New Business Start Up Grant when it was similarly piloted in 2011 to 2012.

2.4.

That evidence from the Orkney Business Survey, conducted by the Economic Development Service in June/July 2019, indicates support for continued provision of such a scheme.

2.5.

That the proposal to establish an annual allocation for the Small Business Training Grant scheme, with effect from 10 July 2020, is dependent on an appropriate budget allocation being made available to the Committee in the future and may therefore be subject to review on an annual basis.

It is recommended:

2.6.

That a scheme, to be known as the Small Business Training Grant scheme, providing grant assistance to eligible businesses towards non-statutory staff development and training, up to a maximum sum of £1,000 to any single business, and at a maximum rate of 90% of total eligible costs, be approved.

2.7.

That, subject to an appropriate annual budget being made available to the Development and Infrastructure Committee, a sum of up to £25,000 per annum be allocated within the Economic Development Grants budget in respect of a Small Business Training Grant scheme, with effect from financial year 2020 to 2021.

2.8.

That powers be delegated to the Executive Director of Development and Infrastructure to determine applications from eligible businesses in respect of the training grant scheme.

3. Background

3.1.

In July 2019, the Council agreed to a one year pilot scheme, offering grant assistance to eligible businesses towards non-statutory staff development and training, up to a maximum sum of £1,000 to any single business during the period of the pilot scheme, and at a maximum rate of 90% of total eligible costs.

3.2.

The Small Business Training Grant pilot scheme was launched on 11 July 2019, and promoted through social media, email and an advert in The Orcadian.

3.3.

Anticipated uptake of the grant was estimated at 40 applicants over a 12 month period, up to maximum budget allocation of £40,000 from the Economic Development Grants budget.

3.4.

Members requested that the scheme be reviewed prior to the end of the pilot to ensure that, should the Small Business Training Grant becomes a mainstream scheme, there will be a seamless transition at the end of the pilot scheme on 10 July 2020.

4. Evaluation

4.1.

From July 2019 to the end of June 2020, there have been 17 successful applications to the scheme, with a total amount awarded of £14,406, resulting in ten claims, totalling £8,900, having been paid out so far.

4.2.

The awards to date have contributed to total training costs of £27,010, comprising training fees of £22,518 and travel and accommodation costs of £4,492.

4.3.

Of the nine who have submitted reports on completed training activity, six reported that their chosen training was 'excellent' and three 'good', and all state they gained skills/knowledge that will be of benefit to their business.

4.4.

Successful applicants have been reported to the Development and Infrastructure Committee through Economic Development Grant monitoring reports, and were for the following developments:

Business Development	Number of applicants
New service.	6.
New process.	3.
Service improvement.	8.

4.5.

Successful applicants were from the following sectors and locations respectively:

Sector	Number of applicants
Local services (accountancy, beauty therapy, counselling, electrician, housing, photography, yoga).	9.
Low carbon/renewables.	3.
Food and drink.	1.
Tourism.	1.
Creative industries.	2.
Non-sector (training/coaching beyond local services).	1.

Location	Number of applicants
Kirkwall.	9.
East Mainland.	1.
Stromness.	3.
Rest of West Mainland.	3.
Isles.	1.

4.6.

A business survey, conducted by the Economic Development Service in June/July 2019, indicated the main barriers to accessing training remain time and cost.

4.7.

In the absence of financial assistance from other bodies, the Economic Development Service and Business Gateway Orkney have welcomed the addition of the Small Business Training Grant to the suite of Economic Development schemes of assistance.

4.8.

Uptake has been slower than originally estimated, but for comparison purposes, uptake during the first 12 months of the New Business Start-up Grant scheme pilot was 13 successful applications. In 2019 to 2020, demand across the Economic Development schemes of assistance has been lower than in previous financial years, which may be a result of uncertainty regarding events such as Brexit.

5. Continuation of the Scheme

5.1.

The pilot of the Small Business Training Grant ends on 10 July 2020 when the agreed 12 month period comes to an end.

5.2.

With further promotion and increasing awareness of this new grant, it is felt that there is potential for this scheme to become more popular in the future and attract a wider range of applications. A similar scheme following directly on from the pilot would allow a seamless transition and continue to incentivise skills development.

5.3.

Based on numbers of applications to date, the suggested indicative budget required to continue the scheme is £25,000 per year to accommodate approximately 25 applications (at the maximum award amount).

5.4.

Should the scheme be approved for continuation, it is proposed to make an amendment to the criteria which is that travel and accommodation should not exceed training, unless in exceptional circumstances.

6. Links to Council Plan

6.1.

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority theme of Enterprising Communities.

6.2.

The proposals in this report relate directly to Priority 4.3. Reprioritise economic development activity and funding to focus on inward investment and facilitating projects and support programmes which will have the highest/transformational impact in relation to job creation, inward migration/retention of working age population and community enablement.

7. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priorities of Strong Communities and A Vibrant Economy.

8. Financial Implications

The recommendation to this report is that a budget allocation of up to £25,000 per annum be established in respect of a Small Business Training Grant scheme. This would be funded from within the annual Economic Development Grants budget, which operates on a financial year basis and is confirmed annually as part of the Council's budget setting process.

9. Legal Aspects

9.1.

If grant assistance is to be provided by the Council, a legally binding agreement will require to be entered into between the Council and the recipient setting out the terms on which the funding is being provided.

9.2.

In terms of potential state aid implications, any assistance awarded to businesses would fall under Commission regulation (EC) No.1998/2006 – on *de minimis* aid. There is a ceiling of €200,000 (approximately £170,000) (subject to certain sectoral restrictions, e.g. fisheries) for all *de minimis* funding provided to any single recipient over a rolling, three year fiscal period. There is a requirement to inform recipients that the aid being given is *de minimis*, and to keep records of aid given for ten years.

10. Contact Officers

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