

Area East Community Planning Sub Committee – 25th June 2008

9. Review of Retail Support Initiative

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Purpose of the Report

To report on the operation of the Retail Support Initiative (RSI) during 2007/8 and to consider options for changes to the scheme for the current year.

Recommendations

- (1) That Members comment on the options listed in the report for the future of the Retail Support Initiative Scheme.
- (2) That the maximum grant level be reduced to £2,000.
- (3) If Members support option 4, a request be put to Area East Committee to top up the Retail Support Initiative Budget by £15,000.

Current Practice

Members will be aware that the Retail Support Initiative RSI was launched in 2004 as a pilot in Bruton and Wincanton. Its main purpose was to encourage new business (particularly into empty units) and support existing businesses. At the time a simple application process was devised to encourage uptake, with a maximum 50% contribution to project costs and no retrospective applications (i.e. in respect of works which had already started) – the latter two points have remained at the heart of the scheme.

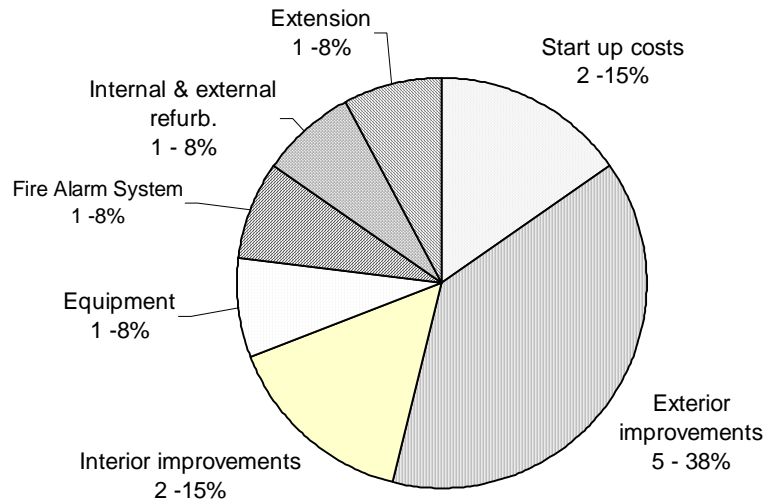
The RSI was rolled out across Area East in the summer of 2005, the application assessment was improved but the assistance available remained broadly the same and some limitations were included. The assessment scoring was refined to weight type of use within the premises. The scheme has been subject to regular review since its inception and the core elements of the scheme as it operates at present are listed at appendix A together with current maximum grant levels.

The importance of the grants in promoting and revitalising towns/villages and in enhancing the streetscene was recognised in the revision to the scheme made in 2006 - which also resulted in the inclusion of farm shops.

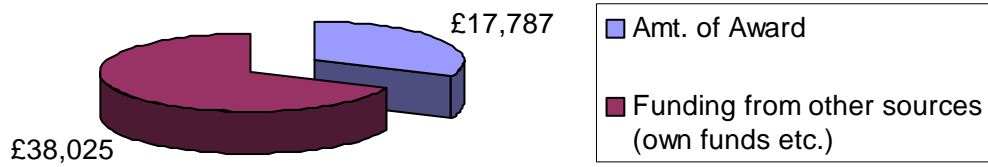
Operation during 2007/8

There have been 13 awards during the year, 4 in Bruton area totalling £9,350 (average £2,337) and 9 in Wincanton town totalling £8,377 (average £930). Promotion of the scheme in Castle Cary, Ilchester and Milborne Port early in 2008 did not result in any applications from Castle Cary and only now have applications come forward from Ilchester and Milborne Port. Further work is required to promote the scheme in smaller settlements, villages and farm shops. A more detailed profile of awards in Bruton and Wincanton is attached at appendix B. The graph below shows the purpose for which grants were awarded whilst the second graphs shows the proportion of grant against overall scheme costs.

Type of Scheme



Leverage



Options for the future

During the last year we have awarded almost £18,000 in Retail Support Initiative grants (13 awards). During 2007/8 there was a slight move towards providing a smaller number of higher awards. In 2006/7 awards amounted to around £17,000 (16 awards) and £14,000 in 2005/6 (19 awards). In the current climate of budget constraints and with the imminent loss of the Community Planning Project Support Officer post a review of the scheme is timely. The options available are set out below:

1. Do nothing, continue operating the scheme as present and request budget top up from Area East Committee.
2. Close the scheme and do not consider any new applications.
3. Close RSI scheme but divert resources into another scheme, perhaps a grant for tourist accommodation providers to assist with the cost of gaining accreditation, or for encouraging growth of high technology businesses.
4. To refine the scheme and continue operating but in a modified form.

Doing nothing would mean topping up the scheme and retaining higher-level grants (up to £3,000) meaning that a smaller number of businesses can be supported from a similar budget allocation. Members decided that there is no means testing for the scheme as a whole, so the assessment of whether a project would go ahead anyway is always difficult. However, in the case of new business where there needs to be a significant commitment from the proprietor, this judgement is even more marginal. For these reasons and increasing budgetary pressure, it is suggested that 'doing nothing' is a less desirable option.

To close the scheme in its entirety at a time when many small retailers are struggling against a national economic downturn could be perceived as withdrawing support when it is most needed. The RSI has been recognised as a useful and (generally) responsive grant scheme by the many traders it has assisted. During the last few months there has been some significant closures in Wincanton, Castle Cary and Bruton with other prominent businesses being marketed. One of the original key objectives of the scheme was to attract businesses into empty units. The economic uncertainty has led to the situation where there are currently more vacant premises than before the scheme was first piloted, which reverses the favourable trend achieved by the scheme. The grant scheme alone will not attract potential investors but provides a differential incentive when a prospective purchaser/operator is comparing similar units inside and outside of Area East. Closing the scheme would therefore be undesirable from many viewpoints.

The diversion of resources would not address any of the issues highlighted in the previous paragraph, but may appear more acceptable with resources being diverted to a specific alternative project. The merit of a grant scheme to assist tourism accommodation providers gain accreditation, or to support high technology businesses, is clearly advantageous, but it is suggested that this should not be at the expense of the Retail Support Initiative.

Refine the Scheme In considering how to refine the scheme to best meet current needs, officers again discussed means testing but the view remained that the assessment and availability of information would be onerous for a relatively low level grant and wasteful of officer resources.

Other ideas include:

- Reducing the higher-level grant for new businesses going into an empty unit to £2,000 (essentially retaining a maximum grant within the scheme of £2,000).

- Reducing the percentage grant of each scheme to 35%-40%.
- Retaining the £3,000 upper amount as an 'exception' for unique regeneration reasons. New business seeking this higher level would be required to build a strong case for support and submit a full business plan (rather than business case).
- Assisting new businesses only.
- Converting the scheme to a loan scheme. This was tried in Devon but had few successes and several defaults.
- Only making one award to a proprietor in respect of one premises in a four or five year period – thus limiting second applications.

Recommendation

It is suggested that by reducing the upper limit to £2,000, resources would stretch further without too great an affect on potential applicants. While the provision of loans could increase flexibility and preserve resources, it is not recommended, but officers could investigate the practicalities of this further and report their findings to the next Community Planning Sub Committee if Members so choose.

Financial Implications

There are no direct budget implications resulting from this report but Members are asked to support a request to Area East Committee to top up the Retail Support Initiative budget by £15,000.

Our initial thoughts are that as many of the schemes supported are of a capital nature, with funding awards of over £1,000, for this reason £10,000 could be ring fenced within the Capital Reserve for the larger RSI awards, with the other £5,000 being ring fenced from the Revenue Reserve. This element would be used to support smaller schemes or those not of a capital nature. Currently the Capital Reserve stands at £ 29,661 and the Revenue Reserve at £15,460. If Members are minded to support a top up of the budget by £15,000 further discussions will be held with Financial Services about the detail of this suggestion ahead of finalising a recommendation for Area East Committee.

Implications for Corporate Priorities

The awarding of grants meets the following corporate aims:

- To increase economic vitality and prosperity.

Other Implications

None.

Background Papers: *Community Planning Sub Committee March 2007*
Area East Committee agenda and minutes November 2007
