



REPORT FROM: DIRECTOR OF PLACE
TO: NELSON TOWN DEAL BOARD
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**NELSON TOWN DEAL
REPORT AND REVIEW OF THE BUSINESS RESILIENCE AND GROWTH
PROGRAMME**

PURPOSE OF REPORT

To Report on the progress of Nelson Town Deal - Business Resilience and Growth programme and consider options for a review of the scheme parameters.

RECOMMENDATIONS

- (1) To implement the risk mitigation of widening the scope of the scheme from manufacturing only.
- (2) To re-consider a geographic buffer zone

REASON FOR RECOMMENDATIONS

- (1) To encourage the continued take up of grants throughout the life of the programme.

BACKGROUND

Nelson Town Deal Business Grants

1. The Business Resilience and Growth business grant programme is one of seven approved projects within the Nelson Town Deal programme funded by the Department for Levelling Up, Housing and Communities., The project supports the provision of capital grants to help businesses create sustainable jobs and improved productivity in the Nelson Town Deal Area.
2. The scheme provides grants at up to 50% of eligible investment costs. The maximum grant available is £100,000. A percentage of the total amount of capital the business requires will be awarded as a grant with the business expected to match fund the investment.

3. £1.9million is allocated in capital funding for grants. This was originally allocated over four years (2022/23 – 2025/26) but following recent approval by the Town Deal Board on 19 May 2023 and the Executive on 22 June 2023, a case has been submitted to the Department for Levelling Up, Housing and Communities to re-profile the funds over 3 years, with Year 4 being to monitor job creation outcomes. The re-profile enabled the programme to maintain the current level of grant intervention at 50% which makes it more helpful and attractive to businesses.
4. Whilst the Town Deal Boundary was set by central government, the geographic boundaries for the grant programme, which cover the Town Deal area and extend to Lomeshaye and Whitewalls Industrial Estates, were determined locally, and subsequently approved by government.
5. Similarly it was a local decision to restrict access to the grants to the manufacturing sector only, though mitigation within the original Business Case, and approved by the NTD Board and Government, allows for the expansion of the scheme to other business sectors, in order to spend the funding.

Progress and the issue

6. The project was successful in Year One (2022/23). Applications were progressed from 11 local companies. Of the total Year 1 allocation of £497,943, £278,653 has now been paid out, and the remaining £219,289 is committed and waiting to be claimed, Of these it is projected that 60 new jobs will result, with a further 127 jobs safeguarded. Around £2000 of 2022/23 funding will be carried over to 2023/24.
7. Currently in Year 2 of the project (2023/24) a further three companies are being helped with an allocation of funding of £209,043, leaving a further £493,000 to be allocated before the end of March 2024.
8. The Lead Officer for the project has worked extensively to communicate to all the contactable manufacturing businesses in the Nelson Town Deal Area on a number of occasions. This has resulted in the applications received so far and a further 2 pending, but interest for the grants has now significantly declined.
9. A significant change has been noted and there's now a decline in the number of businesses coming forward There are a number of reasons why this is, and include:
 - businesses are reluctant to invest due to the current economic climate
 - since the last progress report to the Board in May 2023 the interest rates have risen from 4.5% to 5.25% in August
 - The very recent raise in the interest rates will have knocked the confidence of businesses and any potential plans to invest at this current time.
10. The pool of businesses eligible for the scheme is small owing to the geographic and sector restrictions. According to the Office for National Statistics (ONS) there are only 123 manufacturers in the eligible area. All manufacturers on the ONS contact list have been contacted on numerous occasions some are uncontactable or outside the defined NTD boundary, and therefore ineligible for grant.
11. The same ONS source estimates that there are 1,306 businesses within all sectors in Nelson. Manufacturing represents 9.5% of this total.

12. At this stage it is worth considering the original mitigation as referenced in the Business Case , a which can be found in Appendix 1 , that the manufacturing criteria is removed and for the grants to now be open to all sectors within the same geographic area of the scheme. This will increase the pool of eligible businesses for the scheme and allow for the identification of further applicants. We will continue to support the local economy, and manufacturing businesses, who were given first opportunity to apply, and will continue to be eligible. Should the Town Deal board be in favour, approval will then be required from the Executive and DLUH.

The Buffer Zone

- 13 A second consideration for encouraging further applications to the scheme would be to reconsider the previously proposed Buffer Zone whereby businesses within 0.5 mile of the official boundary become eligible. The benefit to Nelson of this is that there will be Nelson residents who work in some of these businesses and local spending in the community because of a strong economy around Nelson. In August 2022 the board approved the buffer zone in principle, provided that only companies within the existing boundary were given the opportunity to apply for the grants in Year One of the project, which ended at the end of March 2023.
- 14 After that time the Lead Project Officer for these grants would review the buffer zone and, if necessary, introduce it. We are now in a position where we can re-visit the buffer zone.
- 15 In 22 September 2022 Policy & Resources Committee agreed and added a request that
- in addition to meeting the grants criteria, businesses in the buffer zone be asked to provide additional reasons why their grant should be approved.*

In Conclusion

- 16 The opportunity for existing manufacturing businesses within the NTD zone to apply for the grants has now been exhausted. The initial interest and enquiries from businesses is now thinning and new applications are not coming forward. This is due to a number of factors including:
- businesses are reluctant to invest due to the current economic climate
 - since the last progress report to the Board in May 2023 the interest rates have risen from 4.5% to 5.25% in August
 - The very recent raise in the interest rates will have knocked the confidence of businesses and any potential plans to invest at this current time.
- 17 Therefore the widening of the scheme to other sectors would allow for interest from a larger pool of businesses.
- 18 In addition a buffer zone would allow for a small number of companies that sit within a “stone’s throw” of the boundary to apply, including from the North Valley Business Park and Lower Clough Mill in Barrowford, and which may, due to their proximity, have positive economic benefits for Nelson. The scheme includes Whitewalls Industrial Estate on the periphery of Colne and Lomeshaye on the periphery Brierfield.

IMPLICATIONS

Policy: The project supports the Councils Plan 2023-2027 Priority 2 Good Growth by seeking to achieve economic prosperity and development and the successful delivery of the Nelson Town Deal.

Financial: As detailed within the body of the report

Legal: None arising directly from this report.

Risk Management: The re-profiling of the project will ensure the continued success and take up of grants by businesses ensuring the spend is fully achieved.

Health and Safety: None arising directly from this report.

Sustainability: None arising directly from this report.

Community Safety: None arising directly from this report.

Equality and Diversity: None arising directly from this report.

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 – Risk Mitigation

Table 1.1 Risk & Mitigation Schedule

Risk	Risk Mitigation Strategy	Impact Score 1-5 (5 = highest impact)	Risk Score 1-5 (5 = highest Likelihood)	Risk Owner	Mitigation Actions	Progress
Lack of interest /take up in the grant funding	<p>High grant intervention rates in the first 2 years of the programme will make it more appealing to businesses. Budget for marketing and promotion to ensure businesses are aware of the support and strong referral network.</p> <p>Focused funding to Manufacturing sector will need to have flexibility built in so if the funding is not taken up the grant funding can extend beyond that sector.</p>	4	1	Pendle Borough Council	<p>Effective referral system with partners across Lancashire is already in place. Partners are involved from the offset in preparing this bid and there is already a history of collaborative working with partners across Lancashire, so this is deemed low risk. In addition to this, demands for grants is at an all-time high and there is an abundance of credit currently available to businesses to finance the PSL.</p> <p>Focused funding to Manufacturing sector will need to have flexibility built in so if the funding is not taken up the grant funding can extend beyond that sector</p>	Soft market testing has proven demand for the grant programme