

South Ayrshire Council

Report by Director of Strategic Change and Communities
to Cabinet
of 15 February 2023

Subject: Business Support – Changes to Ambition Programme

1. Purpose

- 1.1 The purpose of this report is to seek approval to make changes to the operations of the ERDF Ambition business support programme delivered by the Economy and Regeneration Service. The changes will maximise ERDF draw down of available funding and enhance support to South Ayrshire companies.

2. Recommendation

2.1 It is recommended that the Cabinet:

2.1.1 approves the proposal set out in paragraph 4 to maximise draw down for the ERDF programme as follows:

- **increase the grant cap from £10,000 to £50,000; and**
- **allow 100% intervention rates for qualifying costs; and**

2.1.2 approves that the grant level for the Ambition to Start programme is increased from £1,000 to up to a maximum of £5,000; and

2.1.3 requests that a performance update be provided to the Service and Performance Panel of 22 August 2023.

3. Background

- 3.1 The Ambition Programme was first launched in 2013 to provide expert advice and support to both start-up and existing businesses. The Ambition brand is now well established within the business support network. The programme is part funded by the European Regional Development Fund (ERDF) and the South Ayrshire Council budget. There are two distinct strands within the current Ambition programme:

3.1.1 ***Ambition to Grow*** – supports business owners and managers to consolidate and grow their business to enable them to define their pathway, identify their challenges and present solutions. The current programme offers grants of up to £10,000 to support business growth opportunities, at a 50% intervention rate.

3.1.2 ***Ambition to Start*** – supports entrepreneurship by providing business planning advice, access to workshops, expert advice and grant assistance

of £1000 to those businesses with the ambition and ability to employ one additional member of staff within the first two years of trading.

- 3.2 Support to business and good quality advice is one of the key ways to enable growth and prosperity. The Ambition programme aims to encourage people to start up, grow and be innovative in their business thinking. The Economy and Regeneration business support team have adopted an evidence and needs based approach rather than being product led or jumping to solutions. This approach is centred around business relationships, prioritises the gathering of evidence and understanding the complexity of needs which will ultimately achieve more sustainable outcomes.
- 3.3 Members will be aware that South Ayrshire companies have emerged from the Covid pandemic to be confronted by significantly different trading conditions as the UK economy grapples with sharp inflationary pressures, part driven by unforeseen exponential increases in the costs of energy and supply chain costs. Forecasts indicate a long-term increase in energy prices.
- 3.4 South Ayrshire companies are being squeezed hard by rising costs, staff and skills shortages, and customers' unwillingness and inability to pay more. This is putting inevitable pressure on local businesses with an increased risk of job losses resulting from company contractions, relocation and closures.
- 3.5 The Shared Prosperity Fund (SPF) is the replacement fund for ERDF. The SPF investment plan was approved by Cabinet on 30 August 2022. Subsequently Government approval was received on 5 December. The SPF will replace ERDF from June 23 onwards.

4. Proposals

- 4.1 The changes to the programme are proposed to meet the urgent economic need to support businesses to address rising input costs and enable the Council to maximise ERDF draw down before June 2023. The conditions and criteria for Ambition Programme funding were adopted to align with ERDF requirements at the time (2016). The ERDF requirements have since changed and it is now permissible to provide businesses 100% intervention rates as long as the total intervention does comply with state aid (now subsidy control). In order to maximise ERDF draw down and fully invest available ERDF into our businesses, it is proposed that the following changes are made to the [Ambition to Grow](#) programme:
 - 4.1.1 allow 100% intervention rates for qualifying cost; and
 - 4.1.2 change the grant cap from £10,000 to £50,000.
- 4.2 In addition to the enhanced package of support to existing businesses, changes to the current [Ambition Start Up](#) programme are also proposed. It is proposed to refocus the existing £1000 Start Up Grant to provide enhanced support for start-ups with strong growth potential. The enhanced support will provide grants of up to £5,000 in conjunction with access to expert support across various businesses disciplines, including business planning, finance and marketing.
- 4.3 There will be no change to appraisal and verification process that is currently in place. The business and growth advisors will complete appraisal reports and make recommendation based on the analysis. All appraisal reports are verified by the Economic Development coordinator, prior to approval. A well-established approval

process is in place for grant recommendations above £10,000 and require sign off by the Portfolio Holder. The appraisal methodology remains focused on jobs, sales outwith the region, importance to the local economy and rural economy, key sectors and contribution to the green economy. Robust checks and balances have been designed into the delivery of the Ambition programme.

4.4 The proposal in this report will be funded through the existing Ambition programme budget which includes the approved ERDF business support programme. The ERDF programme currently predicts an underspend and the enhanced support package will maximise ERDF funding to the full. The ERDF programme will close in June 2023.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implication arising from this report.

6. Financial Implications

6.1 The Economy and Regeneration Base Budget delivers business support. This allocation is used for match funding the ERDF programme and support for the current Ambition Programme. The remaining ERDF balance stands at £487,903 and is claimable at a 40% intervention rate. Therefore, in order to fully draw down the ERDF grant, a match from the Economy and Regeneration budget of £731,855 is required. The table below sets out the proposed profile:

Delivery Budget	FY22/23	Apr 23 – June 23	Total
Expert Help	50,000	50,000	100,000
Business Grants	350,000	400,000	750,000
Staffing	200,000	120,000	320,000
Miscellaneous		30,000	30,000
TOTAL:	600,000	600,000	1,200,000
Funded by:			
E&R staffing budget	84,000	100,000	184,000
E&R match budget	276,000	252,097	528,097
ERDF programme	240,000	247,903	487,903
TOTAL:	600,000	600,000	1,200,000

6.2 The proposed changes do not require additional resources.

7. Human Resources Implications

7.1 There are no Human Resources Implications arising from this report

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations in this report.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 The risks associated with rejecting the recommendations are that the council is not able to fully draw down approved ERDF funding.

9. Equalities

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 1](#).

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Commitment 4 of the Council Plan: South Ayrshire Works/ Make the most of the local economy.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Bob Pollock, Portfolio Holder for Economy and Culture, and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

14.1 If the recommendations above are approved by Members, the Director of Strategic Change and Communities will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Promote Ambition Programme and website	20 February 2023	Service Lead – Economy and Regeneration
Performance update report to Service and Performance Panel	22 August 2023	Service Lead – Economy and Regeneration

Background Papers [Current Ambition Programme](#)

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Date: 9 February 2023

**South Ayrshire Council
Equality Impact Assessment
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Business Support – Changes to Ambition Programme
Lead Officer (Name/Position/Email)	Theo.Leijser@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-
Sex – (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children's Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

5. Summary Assessment

<p>Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)</p>	<p>NO <input type="checkbox"/></p>
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Rationale for decision:

This report recommends that Cabinet approve changes to a previously agreed programme. Members' decision on this has no specific equality implications

Signed : Theo Leijser

Service Lead Economy and Regeneration

Date: 1 February 2022