

Committee: Cabinet

Date of meeting: 4 July 2018

Subject:	Elmbridge Civic Improvement Fund
Lead Officer:	Head of Organisational Development
Portfolio Holder:	Leader of the Council, Portfolio Holder for Resources
Link to Council Priorities:	Economic Development
Exempt information:	None
Delegated status:	For recommendation to Council on 18 July 2018
Key Decision:	No

Executive Summary:

Economic development is a key objective of the Council. A strong local economy underpins the wellbeing of the wider community within Elmbridge, supporting the Council's other top priorities.

Vital to the growth of the local economy is the success of our town centres and high streets. The Elmbridge Civic Improvement Fund provides an important source of funding for local businesses, enabling them to invest in a range of projects.

This report details the performance and impact of the Elmbridge Civic Improvement Fund. The report also seeks approval from Cabinet to recommend to Council an increase in funding for the schemes and an extension of their operation.

Recommended: that

- (a) £200,000 be transferred from the Strategic Reserve (Local Authority Business Growth Incentive) to increase the available balance for the Elmbridge Civic Improvement Fund;**
- (b) £20,000 be allocated from this amount to increase the balance available for the Elmbridge Start Up Fund; and**
- (c) the Elmbridge Civic Improvement Fund be extended for another two years until 31 March 2020.**

Report:

1. Background and context

- 1.1 Elmbridge's economy has an established record of consistent performance and is positioned within the London economic ecosystem, close to international airports at Gatwick and Heathrow. Our economic success has been driven by locational and transport advantages, which have helped facilitate the largest business base across Surrey and attract international investment from the likes of Sony, Proctor & Gamble and LG Electronics.

- 1.2 The Elmbridge economy is underpinned by its strengths as a local area, generating a Gross Value Added (GVA) of £4.6 billion in 2016. As of 2017 there are 9,705 active businesses employing approximately 62,000 people.
- 1.3 The economy is built on a flourishing and resilient small business community, without a dependence on any one sector or large employer. 84% of Elmbridge businesses employ between 0-4 people, the second highest proportion of any district or borough in Surrey. The local economy has continued to show durability in the face of local and national economic challenges and ranked 16th out of 379 Local Authorities in the 2016 UK Competitiveness Index.
- 1.4 Elmbridge's shopping areas contain an attractive combination of restaurants, cafes, office space and leisure services in addition to national and independent retailers. This mix of enterprises has created a resilient business base and provides an important range of services for the local population.
- 1.5 The continued adaptability of our high streets and town centres is crucial to the success of the local economy. Changing consumer behaviour and continued economic uncertainty pose challenges to our independent local businesses such as:
 - Competition from online retailers – 18% of national retail sales in April 2018 were online
 - Changing retail patterns, with many consumers preferring to shop at a single shopping and leisure destination rather than visit multiple high street shops.
 - National economic uncertainty is affecting consumers' confidence, impacting retail spend in town and village centres. The latest Gross Disposable Household Income (GDHI) per head figures for Elmbridge indicate a 0.8% decrease in this measure.

2.0 Elmbridge Civic Improvement Fund

- 2.1 The Elmbridge Civic Improvement Fund was established in 2009 to provide investment to make our high streets and town centres more attractive shopping destinations. The fund was created with an initial £1 million from the Local Authority Business Growth Incentive Scheme (LAGBI).
- 2.2 The £1 million of initial funding provided investment for the following projects, in addition to business grants:
 - £350,000 funding towards the 'Soul to the Street' town centre improvement scheme in Walton-on-Thames.
 - £33,205.74 invested in the Community Connect scheme.
 - £150,000 for enhanced street lighting in our town centres.
 - £11,000 for the Shop Local grant scheme.
 - £50,000 to create the Elmbridge Start-Up Fund.
- 2.3 The scheme is available to independent businesses within Elmbridge and provides grants of up to 90% of the total eligible project costs for certain types of projects. Projects which are eligible under the scheme include:

- Shop front improvements and signage.
- Street scene and street furniture improvements.
- Empty shop improvements.
- Promotions and marketing initiatives.
- Community events.
- Learning skills and training initiatives.
- Fat, oil and grease (FOG) interceptors for catering premises.

2.4 To date 261 grants have been approved for the Elmbridge Civic Improvement Fund, investing £736,531.49 in the local economy.

Area	Number of approved grants	Amount paid	Percentage of fund allocated
Claygate	16	£47,589.78	6.46%
Cobham and Downside	20	£59,121.75	8.03%
Esher	21	£88,019.97	11.95%
Hersham	21	£66,428.81	9.02%
Hinchley Wood and Weston Green	2	£2,808.00	0.38%
Long Ditton	4	£16,210.36	2.20%
Molesey East and Molesey West	56	£121,085.34	16.44%
Oxshott and Stoke D'Abernon	2	£2,666.66	0.36%
Thames Ditton	7	£14,888.21	2.02%
Walton	52	£129,567.62	17.59%
Weybridge (inc Oatlands)	60	£188,144.99	25.54%
Total	261	£736,531.49	100.00%

2.5 The latest additional funding was approved by Cabinet in 2016, with an Additional £100,000 in funding from the LABGI agreed to help attract a further £100,000 in match funding from the Surrey County Council Town Centre Revitalisation Fund over two years.

However, only the £50,000 year-one match funding from the Surrey County Council Town Centre Revitalisation Fund was received as the Town Centre Fund was closed by the County Council in 2017 following a review of budget priorities.

2.6 The current available balance in the Elmbridge Civic Improvement Fund budget is £23,455.42. The summary of the Elmbridge Civic Improvement Fund as of 11 June 2018 is:

Total Funds Received		£1,500,735.73
Funds allocated to Walton High Street		£350,000.00
Funds awarded through Community Connect		£33,205.74
Funds allocated to Street Lighting		£150,000.00
Funds allocated to Shop Local		£11,000.00
Allocated fund for Elmbridge Start Up Fund		£50,000.00
Available funds for applications		£906,529.99
Grants paid to date /pending payment (Approved by CMB)		£946,821.25
Money reallocated into fund from grants withdrawn by applicants		£63,746.68
Balance available for future allocations		£23,455.42
Total Number of applications seen by CMB	284	
Total Number of applications approved by CMB	261	
Number of applications refused by CMB	23	
Number of withdrawn/on hold applications	23	
Grants awarded 2018/19	6	

- 2.7 The total amount approved for the Elmbridge Civic Improvement Fund as a whole since 2009 has been fully allocated. The current available balance is provided by the reallocation into the fund of money which recipients no longer wish to receive. Without this reallocation of funds, the Elmbridge Civic Improvement Fund would not have been able to continue to operate.
- 2.8 The scheme has helped to make our town centres more vibrant, not only by supporting individual businesses, but by helping to fund town-wide initiatives to improve the appearance of shopping areas.
- 2.9 The most common project supported by the scheme is shop front improvements. Over 200 of the grants have gone towards these projects, delivering more than £600,000 to visibly improve our shopping areas. Feedback from businesses has been overwhelmingly positive, particularly about this aspect of the scheme. Many of the projects undertaken as part of the scheme would not have been possible otherwise: "This [grant] allowed my shop to look stunning within a year, something I did not think I would be able to do". Appendices A and B include further comments from businesses and examples of shop fronts which have benefitted from the scheme.
- 2.10 The introduction of the scheme has coincided with an increase in the rate of retained local spending in the Borough. The retention rate for comparison (non-food) expenditure grew from 15.5% in 2005 to 29% in 2015, while 2015 convenience (food) expenditure retention stood at 65%.
- 2.11 Ensuring that Elmbridge households spend their disposable income within the Borough is a vital part of continued economic success. Money spent in the high street is more likely to remain in circulation in the local area, increasing the prosperity of the community. With an increasingly uncertain economic

outlook at the national level and changing economic and social trends at the local level, the Elmbridge Civic Improvement Fund continues to provide an essential source of funding for local businesses.

3.0 Elmbridge Start Up Fund

- 3.1 In 2015 Cabinet approved the creation of the Elmbridge Start Up Fund, allocating the scheme £50,000 from the existing Elmbridge Civic Improvement Fund. This was to help ensure start-ups in the Borough survived the crucial first year of trading.
- 3.2 The Elmbridge Start Up Fund is open to businesses which have yet to start operating or have been trading for under six months. The fund provides up to £1,000 funding towards start-up costs, with projects ranging from website development to purchasing of equipment. As local businesses face a growing challenge from online retailers and a difficult labour market, the marketing and promotion elements of the scheme, including website development, are likely to become increasingly important.
- 3.3 To date 37 grants from the Elmbridge Start Up Fund have been awarded, totalling £32,172.44 in allocations. Of this amount £28,495.88 has been paid.

Area	Number of grants	Amount paid	Percentage of fund allocated
Claygate	2	£1,793.12	6%
Cobham	11	£7,878.78	28%
Molesey	4	£2,223.82	8%
Esher and Hersham	4	£3,804.96	13%
Thames Ditton, Long Ditton	2	£889.99	3%
Walton	11	£9,633.84	34%
Weybridge (inc Oatlands)	3	£2,271.37	8%
Total	37	£28,495.88	100%

- 3.4 The Elmbridge economy is highly entrepreneurial, and this is reflected in the latest business births figures of 1,295 new starts for 2016.

The Start Up Fund was set up to help improve the Borough's first year business survival rate which in 2015, the same year the scheme was launched, stood at 87.6%, down from 93.1% in 2013 and behind the Surrey average 89.2%.

3.5 With an uncertain national picture the Start Up Fund continues to provide an important source of funding and support for new businesses in the crucial first 12 months to ensure Elmbridge retains its position as the local authority with the highest number of active businesses in Surrey.

Financial implications:

The report recommends that £200,000 be transferred from the Strategic Reserve (LABGI). This reserve was set up to fund business related improvements, including the Elmbridge Civic Improvement Fund. The current available balance for this reserve is taking into account the year 2 match funding from LABGI approved in 2016 is £1,000,427.00.

Environmental/Sustainability Implications:

Successful economic development supports the long-term sustainability of the community. Providing jobs and services within the Borough will also reduce the need for out of Borough travel, therefore reducing the environmental impact of transport.

Legal implications:

None.

Equality Implications:

None.

Risk Implications:

Under new Government proposals, future Council income will be tied to the performance of the local economy due to the reduction in the Revenue Support Grant.

Community Safety Implications:

None.

Principal Consultees:

Council Management Board, Heads of Service, Portfolio Holder.

Background papers:

None.

Enclosures/Appendices:

Appendix A – Elmbridge Civic Improvement Fund Success Stories

Appendix B – Elmbridge Start Up Fund Success Stories

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