

Supplementary note to the LEP Board (26 March 2019) from the Overview and Scrutiny Committee – Inclusive growth criteria for business grant programmes

On 14 September 2018, the Overview and Scrutiny Committee considered an item on business grant programmes and made two formal recommendations:

- 1st) That work should begin on exploring the extension of inclusive growth criteria to all current and future business grant programmes at all grant award levels and conclusions reported back to the Overview & Scrutiny Committee.
- 2nd) That, upon the conclusion of a business grant programme, a full outcomes report for each programme be produced for the Overview & Scrutiny Committee focusing on, but not limited to, inclusive growth, productivity, job creation, innovation, and environmental outcomes.

At its meeting on 22 March 2019, the Committee received a follow up report providing:

- a performance analysis of the first six months of inclusive growth criteria for the Business Growth Programme (BGP),
- an assessment of the implications of extending inclusive growth criteria to all business grants programmes and;
- the proposed options for new core and inclusive growth criteria (*Appendix 2, Item 10 of LEP Board papers – page 147*).

Following questions and discussion, the Committee **maintained that inclusive growth criteria should be extended to all current and future business grant programmes at all grant award levels.**

The possibility that the real living wage requirement may dissuade some businesses, particularly smaller businesses, from applying was acknowledged and the Committee **suggested a programme of support and assistance should be put in place to help applicants rise to a level where they are able to meet the necessary wage requirements (within a certain time period).**

Regarding the proposed new core / inclusive growth criteria for business grants, the Committee concluded that the LEP should consider the following:

1. In order to better support small businesses, **the commitment to "pay all suppliers within 30-60 days" should be significantly strengthened and the required timescale be reviewed with a view to reducing it if possible.** It was noted that some partner councils have adopted two weeks as the maximum payment window. It was further acknowledged that a reduction in the payment timescale might have knock on effects on a wider supply chain if a small businesses is required to pay their suppliers sooner than they are paid themselves.
2. There is a danger that, if given a choice, applicants will opt for 'softer' commitments or commitments which come with further support and grant programmes to help them attain them, such as the "energy audit" and "working with colleges / schools". Consequently, **there should be a programme of support in place for each commitment to help applicants meet requirements and ensure there is greater uptake of the 'harder' commitments with a highly inclusive social outcome – such as employing people with disabilities or health issues.**
3. The commitment to **"employ local people with disabilities or health issues" is one of the most necessary and inclusive options on the list with a high value**

social outcome. That commitment should be **more strongly promoted to applicants and strengthened with a programme of additional support for businesses seeking to commit to that option.**

4. There should be a stronger commitment to **incentivise, support and monitor higher level apprenticeships paid at living wage levels** that conclude in long term, good employment for young people.