

REPORT TO: ECONOMIC DEVELOPMENT COMMITTEE - 14TH JUNE 2004
REPORT ON: DUNDEE DEVELOPMENT GRANT 2004
REPORT BY: DIRECTOR OF ECONOMIC DEVELOPMENT
REPORT NO: 442-2004

1 PURPOSE OF REPORT

- 1.1 To seek approval for the creation of a scheme of financial assistance for new and young businesses within the city "Dundee Development Grants". The grants are to be made available to start up companies and businesses within their first three years of trading, supplementing specialist start-up advice from Business Gateway Dundee and encouraging individuals to formalise their business ideas, engage in entrepreneurial activity and ultimately set up new businesses within the city. The grant will be delivered by Business Gateway Dundee working in partnership with the Business Development Team/Economic Development.

2 RECOMMENDATIONS

- 2.1 It is recommended that the committee remit to the Director of Economic Development in consultation with the Depute Chief Executive (Finance) and Depute Chief Executive (Support Services) the establishment of the Dundee Development Grant scheme as set out in this report.

3 FINANCIAL IMPLICATIONS

- 3.1 The grant funding can be met from the Economic Development Department's Capital Budget for 2004/5.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 The actions recommended within this report will have a significant effect on the following key themes of Local Agenda 21, local needs are met locally and the opportunity to undertake satisfying work in a diverse economy.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 The Dundee Development Grant will encourage the creation of new jobs within the local economy and will provide opportunities to all sectors of the local community.

6 IMPACT ON ANTI-POVERTY STRATEGY

- 6.1 The grant will directly impact the number of business start-ups within the city, providing vital financial support to new businesses, which often fail at the outset or never fully take off due to restricted access to funding support.

7 REPORT

- 7.1 During 2003/4 the Business Gateway Dundee assisted fourteen companies with start-up grants at a total cost of £27,408. The fixed budget previously provided by SET for this start-up grant funding has now been exhausted. As a result of this the Economic Development Department has been examining whether this important provision can be retained. A similar scheme currently operates in Angus. The Dundee Development Grant seeks to fill this gap within Dundee with a view to ensuring that this vital support for the encouragement of business start-ups remains available to entrepreneurs within the city.
- 7.2 The grants are to be made available to start up companies and businesses within their first three years of trading, supplementing specialist start-up advice from Business Gateway Dundee and encouraging individuals to formalise their business ideas, engage in entrepreneurial activity and ultimately set up new businesses within the city. The grant will be delivered by Business Gateway Dundee working in partnership with the Business Development Team within the Economic Development Department.

- 7.3 It is anticipated that the Dundee Development Grant will assist up to twenty-two new businesses annually with a maximum grant award of £2,250 per company. The grant award will be linked directly to job creation and the following award limits will apply: creation of one additional full time job or FTE, maximum award £750, up to two jobs £1,500 and three or more jobs £2,250. The scheme will be delivered subject to the City Council's standard conditions on retention of the business in the area and any other conditions that are deemed appropriate.
- 7.4 The Dundee "Working for the future" agenda highlights the need to support entrepreneurial growth in Small to Medium sized businesses. Dundee is striving to be an entrepreneurial city where people have the confidence to develop their business ideas. The recent experience has shown that start up grants can assist projects that would otherwise fail to get off the ground. The Dundee Development Grant will alleviate some of these financial pressures experienced by start-ups, encourage additional job creation and supplement the available support available to new businesses.
- 8 **CONSULTATIONS**
- 8.1 The Depute Chief Executive (Finance) and Depute Chief Executive (Support Services) have been consulted during the preparation of this report.
- 9 **BACKGROUND PAPERS**
- 9.1 No background papers, as defined in Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

DOUGLAS A A GRIMMOND
DIRECTOR OF ECONOMIC DEVELOPMENT

DATE: 7TH JUNE 2004