

Report

Report to:	Enterprise Services Committee
Date of Meeting:	19 June 2012
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Proposed Business Support Programmes 2012/2013
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ advise the Committee of the business support activity undertaken by the Council in 2011/2012
- ♦ request approval for a range of business and sector development programmes and initiatives

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the outcomes of the Council's programmes to support local companies during 2011/2012, as set out in Appendix 1 of this report, be noted; and
- (2) that the Business Support Programmes and Sector Development Initiatives budget proposed for 2012/2013, as detailed in Appendix 2 of this report, be approved.

3. Background

- 3.1 The continuing fragile economic conditions are well documented. Against this backdrop, the Council continues to prioritise support to the local economy. Businesses continue to face increasing pressures and, consequently, one of the Council's biggest challenges is encouraging companies to invest in their growth, when perhaps sustaining or consolidating business performance could be their priority.
- 3.2 Against marginal economic growth, the Business Development Team continues to engage with local companies and makes every effort to stimulate growth where possible. The portfolio of support mechanisms includes grants to facilitate employee training and consultancy support. It also includes support for businesses to help secure contracts from the public sector via the Supplier Development Programme.
- 3.3 The Scottish Government has produced its National Economic Strategy and, in response, the Council has incorporated a focus on growth sectors, such as tourism and food and drink sectors, into our programme development for 2012/2013.

- 3.4 Overall performance statistics for each of the programmes for 2011/2012 have been summarised at Appendix 1. The proposed budget for business support programmes for 2012/2013 has been summarised at Appendix 2. Section 4 comments on the performance of each programme in 2011/2012 and puts the proposed budget for 2012/2013 into context.

4 Proposed Business Support Activity

- 4.1 The proposed total budget for 2012/2013 for business activities is £545,000.

Direct Funding Support

- 4.2 The Consultancy Fund was a grant fund which acted as a catalyst to encourage companies to progress with a project which required external consultancy work, e.g. business planning to encourage diversification and on-line e-commerce sales development. To date the Fund has assisted 45 businesses and these projects have projected sales to increase by £11.8 million.

- 4.3 Given the National Economic Strategy focus on encouraging exporting and internationalisation in particular, the proposal is to rename the Consultancy Fund as the Business Support Fund. It is proposed to widen the direct funding support available e.g. grant support for exploring new markets through trade event attendance in the UK and abroad and property improvement grants. The proposed new fund for 2012/2013 will be £180,000 to incorporate these changes and will be the funder of last resort for companies.

Training Fund Support

- 4.4 The Training Fund is a partnership programme with other West of Scotland local authorities which has secured ESF funding up to 2013. The fund provides 50% grant award for eligible training used to help the business grow and develop. To date the Council has assisted 67 companies and 200 trainees, with projected new sales of over £7.8 million.

- 4.5 Demand for the training grant over the past 2 years has been slightly higher in South Lanarkshire compared to the other partner areas and the Council is ahead of its spending schedule at present. The proposed budget of £50,000 will continue the training grant into the current year but at a reduced level to match our commitment to the Skills and Business Growth European project.

Rural Capital Grant Scheme

- 4.6 This scheme is a competitive discretionary grant fund, aimed at supporting new and existing small businesses located in rural South Lanarkshire to undertake growth projects. A grant of up to 50% is available, up to a maximum of £10,000 or £15,000 if related to tourism. The fund has supported 6 companies creating / safeguarding 41 jobs and creating additional sales of £0.268 million. The proposed budget of £172,000 will continue this scheme during 2012/2013 to the end of the EU LEADER programme funding period in 2013.

West of Scotland Loan Fund

- 4.7 The key investment tool at the present time for business support is the West of Scotland Loan Fund where the Council has made 7 investments to date this year (safeguarding/creating 334 jobs and creating over £3.4 million in new sales) and has a healthy pipeline currently being considered. Companies are still finding it difficult to unlock additional bank funding at this time for a variety of reasons, and this is also

reflected in their ability to find match funding for this loan. This fund is our key tool to act as a catalyst and gap fund to make growth projects happen although it would remain as a lending fund of last resort.

- 4.8 The West of Scotland Loan Fund is set up as a separate company Limited by guarantee and has 12 members being the 12 West of Scotland Local Authorities. The Council is the biggest user of the fund and any investments made and repayment of all loans are ring fenced to be used within South Lanarkshire. No additional contributions are required to top up the fund in 2012/13.

Clyde Gateway

- 4.9 As a partner in the Clyde Gateway Urban Regeneration Company, the Council is committed to providing practical and financial support to businesses in this area and, in particular, to those who have relocated as a result of the Shawfield and Farme Cross developments.
- 4.10 As a national priority, the URC area would clearly remain a business development priority for the Council, and all efforts will be made to encourage growth in this area, although the businesses will now be supported through the mainstream business support funding for 2012/2013.

Facilitation

Supplier Development Programme

- 4.11 The Supplier Development Programme (SDP) is a partnership project with 26 other local authorities across Scotland. SDP is now well established as a business growth initiative which delivers a range of specialist business support activities, including the provision of advice, information, training and funding support with the aim of assisting businesses to become more capable of accessing and competing for public sector contracts. To date 346 companies in our area have been assisted through this programme and the focus continues to be on establishing strong relationships with the Council's procurement service and local suppliers.
- 4.12 In 2012/2013, there will be a particular focus on the food and drink sector to ensure the Council can maximise the impact for local suppliers. The proposed budget for 2012/2013 of £15,000 has been increased to reflect this additional work required.

Tourism sector

- 4.13 The Lanarkshire Tourism Action Plan is a pan Lanarkshire initiative and is based on the National Tourism Strategy. This has very ambitious growth targets which were set prior to the economic downturn. Over the last 6 years the Council has been working very closely with the tourism sector to maximise the visitor expenditure in the area and key highlights have been the merging of the 2 sector associations (visitor attraction and accommodation) into one Lanarkshire Tourism Association, and also the development of the www.visitlanarkshire.com web portal. The tourism officers work with the sector to create and roll out marketing campaigns to stretch the length of our tourism season in Lanarkshire. These have been very successful over the last few years, and seek to maximise return from the "staycation" effect of the economic recession. To March, 35 companies have been assisted through this Programme.
- 4.14 The proposed budget for 2012/2013 has increased by £28,000 to £67,000. This is due to the ability to access ERDF funding via a VisitScotland partnership project to lever additional funding for local marketing.

Food and Drink Sector

- 4.15 Over the past 3 years, the Council has participated with North Lanarkshire Council in the BBC Good Food Show at the Glasgow SECC. Each year the Council has had a Lanarkshire Exhibition stand with 4 companies each from North and South, promoting the range of high quality products available in Lanarkshire. These have been very well received. This has resulted in the 'EAT' guide being developed which is a local food and drink directory for Lanarkshire, available to the trade and public.
- 4.16 There are many areas where this sectoral work could develop in the future, especially given the national focus on the sector from the new economic strategy. 2012/13 will see the development of a local food and drink action plan which will build on previous efforts in the sector. The Council has formally engaged with Scotland Food and Drink and will work with them to ensure our local companies can benefit from the marketing opportunities and also specialist intelligence and other services available to the sector. The intention is to market Lanarkshire produce at the Taste Festival in Edinburgh in July to open up access to the East Coast market. The proposed budget for 2012/2013 to develop this sector is £15,000 and is included in Business Support Initiative budget

Business Advice

- 4.17 Business advice is one of the most important but least visible forms of support, with the businesses being given advice, referred to the appropriate services internal to the Council or partners, such as the Business Gateway or Chamber of Commerce. The Business Development Team will continue to ensure that this is delivering quality advice and guidance to companies throughout the coming year and more opportunities to improve internal working are sought, for example, through procurement.

Lanarkshire Property Advice Service

- 4.18 This service offers up to date market information on available commercial, industrial, retail and development properties in Lanarkshire (both North and South) as well as acting as a valuable conduit for clients to contact relevant Council services, such as Planning, Building Standards, etc. To March, the Council has assisted 679 businesses with enquiries and satisfied 45 of these.

Partnership Projects

Business Gateway

- 4.19 The Business Development Team continues to work proactively with North Lanarkshire Council to oversee the delivery of the Business Gateway contract at a Lanarkshire level. Business Gateway is delivered by Lanarkshire Enterprise Services Limited across Lanarkshire, and is the nationally agreed single entry point for all businesses starting up or growing. From there, businesses are signposted to areas of assistance, including the Council's own business support programmes. The two Councils are currently at tender stage regarding the delivery of the new Business Gateway contract from October 2012 and every effort is being made to maximise opportunities for the South Lanarkshire businesses as an outcome of this process. A report on the outcome of this tender process will be brought back to the Committee.

Young Entrepreneurship

- 4.20 The Council will continue to support younger entrepreneurs through supporting the Prince's Scottish Youth Business Trust (PSYBT) work in Lanarkshire and the team will also engage with Education to develop and deliver new projects for potential school leavers, to ensure that business start up is considered as an option. The Young Apprentice project is due to run over the summer and will be an interesting pilot.

Marketing

- 4.21 The Council will continue to market the business support available through mechanisms such as the Lanarkshire Business Week Initiative (27 February – 2 March 2012). This initiative had 40 events which were free and run throughout the week to show the diversity and levels of business support on offer from partners.

5. Employee Implications

- 5.1 There are no employee implications

6. Financial Implications

- 6.1 The proposed expenditure of £545,000 in Appendix 2 will be met from existing revenue budgets held within Community and Enterprise Resources for 2012/2013.

7. Other Implications

- 7.1 The risks in not proceeding with these recommendations are that the Council will fail to be seen to be adequately supporting local businesses in a time of recession and economic uncertainty thereby potentially attracting negative publicity.
- 7.2 There are no significant issues in terms of sustainability arising from the recommendations in this report.

8. Equality Impact Arrangements and Consultation Arrangements

- 8.1 This report does not introduce a new policy, function or strategy and, therefore, no impact assessment is required.
- 8.2 Extensive ongoing discussions take place with local companies to assess their business needs. A new survey is planned to take place shortly.

Colin McDowall

Executive Director (Community and Enterprise Resources)

7 June 2012

Link(s) to Council Objectives

- Support the local economy by providing the right conditions for growth, improve skills and employability

Previous References

- Enterprise Resources Committee 15 June 2011- Proposed Business Support Programmes 2011/12
- Executive Committee – Business Gateway December 2011
- Enterprise Resources Committee 15 February 2012 Business Development Annual review

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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APPENDIX 1 – Performance statistics 2011/2012

Measure	Year to Date	Measure Status	Annual Target
Over 1500 businesses assisted per annum with grants, loans or property advice	1,935	Green	1,500
Value of sales generated by businesses assisted by Economic Development between £10m-£20m	£21,152,338	Green	£10,000,000
Between 500 – 1,000 jobs created or sustained per annum as a direct result of local authority intervention	1,315	Green	500
Number of enquiries from start up businesses (trading for 12 months or less) monitored and baseline established	807	Green	355
Percentage of SME customers satisfied with Company Development team maintained at over 90% satisfaction	96%	Green	90%
Number of enquiries to property advice service increased (base 2009/10 – 774)	679	Amber	775
Number of enquiries fulfilled increased (base 2009/10) – 16%)	7	Amber	17
Number of enquiries referred to other services monitored and baseline established by March 2012	69	Green	
Customer satisfaction with the service increased (base 2009/10 – 88%)	96	Green	89
Increase number of tourists visiting the area by 3% year on year (based on 2005 baselines of £2.8m people)	3,017,510	Amber	3,226,846
Increase tourism revenue by 6% year on year (based on 2005 baseline of 2.8m people spending average of £245)	£320,020,000	Amber	£346,439,800
Increase the total number of employees in the tourism sector by 2% by December 2011 (based on a baseline figure of 5,900)	6,017	Amber	6,695

Appendix 2

Business Support Programmes Budget

	Proposed Budget 2012/2013 £
Lanarkshire Business Support Initiative – Training	50,000
Business Support Fund	180,000
Supplier Development Programme	15,000
Tourism Sector Support	67,000
Business Support Initiatives	61,000
Business Development Total Budget	373,000
Rural Capital Grants Scheme (funded through LEADER programme)	172,000
Regeneration Services Business Support Total Budget	545,000