

Report

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Report to:	Enterprise Services Committee
Date of Meeting:	3 September 2013
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Business Gateway Plus Lanarkshire – European Regional Development Fund (ERDF) Application
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ inform Committee of additional finance to be received through a successful application to the European Regional Development Fund (ERDF) for a Business Gateway Plus Scheme and to seek approval to implement additional business support services in partnership with North Lanarkshire Council and Business Gateway for the 21 month period, 1 July 2013 to 31 March 2015

2. Recommendation(s)

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

- (1) that the additional £654,034 of resources to be provided through ERDF, Clyde Gateway URC and VASLAN for Business Gateway Plus activities in South Lanarkshire be noted.
- (2) that the Council agrees to enter into a Partnership agreement with North Lanarkshire Council as Lead Authority on the project.
- (3) that additional services be added as an addendum to the existing Business Gateway contract with Lanarkshire Enterprise Services Limited at a cost of £398,425.

3. Lanarkshire Business Gateway Contract

3.1. A report was submitted to the Enterprise Services Committee of 21 August 2012 regarding the award of the Lanarkshire Business Gateway contract. North Lanarkshire Council is responsible for the management of the Business Gateway contract on behalf of both North and South Lanarkshire Councils. Following an OJEU award process, the contract was awarded to Lanarkshire Enterprise Services Limited for a 3-year period with an option to extend for 2 further 1-year periods. The total value of the approved tender was £6,875,273. The contract commenced on 1 October 2012.

3.2. When the tender was awarded, there was a balance of approximately £374,727 (the difference between the allocated budget from the Scottish Government of £7.25m and the contract award). It was agreed that this balance would be used to provide complementary support to develop and support new and existing businesses within the Lanarkshire area.

4. Business Gateway Plus Lanarkshire

- 4.1. The Scottish Government announced a call for European Regional Development Fund (ERDF) projects in April 2013 to support business growth services available to micro businesses and small to medium enterprises. It was understood that up to £5 million was available for local authorities to augment the Business Gateway services.
- 4.2. After discussions with North Lanarkshire Council (NLC) as the lead authority on the Business Gateway contract, it was agreed that it would lead a partnership application for funding. As such, NLC will assume the lead responsibility for managing and monitoring of the partnership project.
- 4.3. The project will be delivered as a partnership project adding value to core Business Gateway, local business support services, and the delivery of services to social economy organisations across Lanarkshire. The key partners and sub-contractors involved are the two Councils, Lanarkshire Enterprise Services Limited, Voluntary Action North Lanarkshire (VANL), Voluntary Action South Lanarkshire (VASLAN), Clyde Gateway URC, Biocity Scotland Limited and Town Centres Activities Limited.
- 4.4. A stage 1 bid was submitted on 26 April 2013 following discussions with the Scottish Government and partners. This was received positively and the Stage 2 bid was submitted on 17 May 2013. The project has been approved and an approval letter is expected imminently.
- 4.5. The specific activities and the delivery partner roles included in the application are outlined below:-
 - Pre-start support to disadvantaged groups. This is to be delivered by Lanarkshire Enterprise Services Limited.
 - Advisory support to new, early stage and established social enterprises. This is to be delivered in the South by VASLAN and Lanarkshire Enterprise Services Limited. In the North, this is to be delivered by VANL and LES Limited.
 - Specialist business support for new and early stage life science businesses. This is to be delivered by Biocity Scotland Limited.
 - Incubation and business support for new and growing town centre businesses. This is to be delivered through Regeneration Services in South Lanarkshire and Town Centre Activities Limited in North Lanarkshire.
 - Enhanced Small and Medium Sized Enterprise (SME) grant funding to be delivered through Regeneration Services in South Lanarkshire in partnership with Clyde Gateway. In the North, this is delivered through North Lanarkshire Business Services team.

Total project costs are £2,993,206, and an ERDF grant has been approved at an intervention rate of 40% ie £1,197,282.

- 4.6. The South Lanarkshire Council elements are summarised in Appendix 1. This shows total eligible costs of £1,189,391.

- 4.7. The anticipated outcomes for the project focus on the provision of advice and support to:-
- new and growing businesses
 - individuals and early stage voluntary organisations with aspiration and potential to become social enterprises
 - growing Social enterprises
 - under-represented groups who wish to start their own business
 - businesses in town centre locations
 - life Science micro and SMEs

The South Lanarkshire key outputs are outlined in Appendix 2 and split by each element of activity which are outlined in more detail below.

Pre-start support to disadvantaged groups.

- 4.8. Support will be aimed at increasing the number of individuals from under-represented groups considering alternative ways to become or remain economically active. Activity will be undertaken to actively encourage more people within these disadvantaged groups to consider self employment. The project will provide additional one-to-one advisor support over and above what is available within the core Business Gateway provision.

Advisory support to new, early stage and established social enterprises.

- 4.9. This will include the delivery of a package of organisational development and dedicated advisory and business support services designed to build capacity within individuals and organisations that aspire to operate as social enterprises, and to support the growth of new and existing social enterprises.

Incubation and business support for new and growing town centre businesses.

- 4.10. The project will use ERDF funding to support business incubator hubs to encourage the growth of micro/SMEs within Lanarkshire town centres, providing them with dedicated business support and guidance to encourage business growth and the creation of new employment opportunities.

Enhanced SME grant funding and additional specific Clyde Gateway grant fund

- 4.11. ERDF funding will provide financial support to new and existing SMEs/social enterprises through the provision of an enhanced grant support fund aimed at accelerating business growth and making sustainable improvements for businesses at different stages of development. A specific fund will also be delivered within Clyde Gateway through the Urban Regeneration Company to support focussed development activity in this area. The funds will stimulate the demand side of the economy to create the conditions for increased employment in the area as well as improving turnover and profitability.

5. Employee Implications

- 5.1. There are no employee implications arising from this report.

6. Financial Implications

- 6.1. All Council match funding will be found from existing budgets.
- 6.2. Given Lanarkshire Enterprise Services Limited are acting as subcontractor in delivering the ERDF funded services, North Lanarkshire Council propose to add the following additional services to the existing Business Gateway contract with them as an addendum:

Service to be Provided	Total Costs
Additional Advisory and Support Services to Disadvantaged Groups	£172,500
Specialist Advisory and Support Services for new, early stage and established social enterprises	£225,925
TOTAL COSTS	£398,425

7. Other Implications

- 7.1. North Lanarkshire Council is proposing a Partnership agreement for each partner to consider and sign up to. This will provide a structure for all partners to ensure all requirements are clear and the responsibilities of lead authority and partners are outlined in full. This agreement will be prepared and shared in the coming weeks and the Committee is requested to approve this to be progressed by officers. Quarterly meetings of all partners will be held.
- 7.2. The Social Economy and prestart activities were already ERDF funded through a project called Beyond Business Gateway which was due to expire in December 2013. This opportunity has enabled these important activities to be rolled into this new ERDF application and thereby extended to March 2015.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 8.2. All necessary consultation arrangements have taken place.

Colin McDowall

Executive Director (Community and Enterprise Resources)

21 August 2013

Link(s) to Council Values/Objectives

- Supporting the local economy by funding the right conditions for growth
- Improving skills and employability

Previous References

Enterprise Services Committee 21 August 2012; Business Gateway Contract Update

List of Background Papers

- Project Stage 1 and Stage 2 bid submissions

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

SLC Project costs and match funding

Title	Business Gateway Plus - Lanarkshire
Reference	LUPS/ERDF/2013/9/2/0052
Partner Organisation	South Lanarkshire Council

ELIGIBLE COSTS MATCH FUNDING BREAKDOWN

ACTIVITY	TOTAL ELIGIBLE COSTS	ERDF Grant	TOTAL MATCH FUNDING including staff time
Advisory Support to New, Early Stage & Established Social Enterprises	£225,925	£90,370	£135,556
Town Centre Incubator Support	£118,302	£47,321	£70,980
Grant Support	£610,718	£244,287	£366,431
Clyde Gateway Activity	£234,446	£93,778	£140,668
SLC TOTAL	£1,189,391	£475,756	£713,635

Appendix 2

KEY OUTPUTS AND IMPACTS: SOUTH LANARKSHIRE (including Clyde Gateway)

ACTIVITY	Increase in turnover (£m)	No of individuals receiving advice/ consultancy	Number of new business starts	No of jobs created	
					No of jobs safeguarded
<i>Advisory Support to New, Early Stage & Established Social Enterprises</i>	1	80	8	40	
<i>Town Centre Incubator Support</i>	0.5	19	4	8	20
Grant Support	11.8	168	22	265	1302
Clyde Gateway Activity	4.5	65	10	100	520
<i>SLC TOTAL</i>	<i>£17.8m</i>	332	44	43	1842
PROJECT TOTAL	£42M	1139	368	1046	2463