

Report

6

Report to:	Enterprise Resources Committee
Date of Meeting:	2 June 2010
Report by:	Executive Director (Enterprise Resources)

Subject:	Proposed Business Support Programmes 2010/2011
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1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ inform Committee of the company support activity undertaken by the Council in 2009/2010
- ◆ seek approval for a range of business and rural/tourism development programmes and initiatives in 2010/2011

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 2009/10 as set out at Appendix 2 be noted.
- (2) that business support programmes and rural/tourism development initiatives for 2010/2011 be approved as detailed in Appendix 1 together with the associated programme targets as set out in Appendix 2 to this report.

3. Background

- 3.1. The Council continues to prioritise supporting local businesses albeit delivered against a backdrop of economic uncertainty and rising unemployment e.g. claimant count unemployment has risen in South Lanarkshire by 247% between April 2008 and April 2010 (Source: Jobcentre Plus). This uncertainty has impacted on the local business base in terms of decreasing private sector investment, including funding from private sector institutions e.g. banks. While the UK is no longer technically in recession, the recovery is still in its very early stages.
- 3.2. As a result of the recent management diagnostics exercise, the former Economic Development Team was split into two components in 2009. The Company Development element merged with Lease Management and now operates as the Business Support and Property Information Team, resulting in a saving of £75,000 per annum. This merger will provide synergy between the two distinct disciplines of estates management and business support, especially for our commercial/industrial tenants, and will significantly enhance our Property Advice Service. The Rural Regeneration element now forms part of the Community Regeneration and Rural Development Team. Both teams will explore every external funding opportunity to enhance the proposed programmes and initiatives.
- 3.3. As part of its commitment to supporting the local economy/business base, the Council agreed in May 2009 to a portfolio of business support and rural/tourism development initiatives for 2009/2010 totalling £584,000. This portfolio included grants for small to medium sized enterprises (SME's) to facilitate employee training,

consultancy support and company growth. It also included support for businesses to help secure contracts from the public sector via the Supplier Development Programme. The programme also maintained our participation in the West of Scotland Loan Fund, which provides gap loan funding to SME's, as well as the Lanarkshire Property Advice Service (LPAS). The programme continued to support business affected by the Clyde Gateway regeneration project, especially those businesses having to re-locate.

- 3.4. Management of the Business Gateway is now under the auspices of the Local Authorities, with North Lanarkshire Council leading on the management of this contract in Lanarkshire until October 2012. For 2009/2010 the Lanarkshire Business Gateway Steering Group agreed to a set of new discretionary measures designed to re-focus effort on both growth companies and those "at risk" companies that are experiencing temporary trading difficulties as a result of the downturn. A local Contract Addendum was agreed with the Business Gateway in respect of the Council's own business products.
- 3.5. The Lanarkshire Business Venture Fund (LBVF) ceased to operate in 2009/2010. As this fund was run in partnership with North Lanarkshire Council, as an unincorporated association, its legal dissolution will now be sought.

4. Business Support Programme Performance 2009/2010

- 4.1. Any analysis of the performance of our business support programmes in 2009/2010 (as detailed in Appendix 2) must take into account the continuing environment of uncertainty, caution and difficult trading conditions faced by the local business base. This is reflected in the fact that the programmes which are most closely linked to company growth/expansion and/or start up are those which have performed the least successfully, in particular the Lanarkshire Property Advice Service and the West of Scotland Loan Fund.
- 4.2. The success of Lanarkshire Business Training Support (previously known as Metrowest Business Support Programme) and the Lanarkshire Sustainable Business Programme show a welcome and continued desire for companies to develop not only their staff via training but also their working practices, especially in relation to issues surrounding sustainability.
- 4.3. The Supplier Development Programme (SDP) aims to provide events, training and support to companies who wish to do more business with the public sector. 8 events were held over the course of the year attracting delegates from 168 South Lanarkshire companies. The highlight of the year was the extremely successful Lanarkshire Meet the Buyer with 98% of respondents to the post event survey finding it a useful event. Further partnerships have been explored e.g. working with the Knowledge Transfer Hub at Motherwell College to promote joint events. The success of the SDP has resulted in an increased South Lanarkshire membership of 29% over the year, from 264 to 343. Further opportunities will be explored for the new Council Procurement Service to develop a strong working relationship with local businesses.

5. Proposed Business Support Programmes for 2010/2011

- 5.1. Below are brief details of the proposed portfolio of business support programmes which the Council will deliver in 2010/2011. The budget is outlined in Appendix 1. The 2010/2011 targets for these programmes are detailed in Appendix 2.

Lanarkshire Business Training Support (LBTS) - £70,000

- 5.2. Lanarkshire Business Training Support provides grant funding towards the training of all company personnel. A grant of up to 50% of total training costs is available, up to a maximum of £3,000, towards the engagement of an external training consultant. Funding is available for a wide range of training, customised to individual company needs. A consortium application for ESF funding with seven other local authorities has been submitted and a decision is imminent

Lanarkshire Sustainable Business Programme (LSBP) - £150,000

- 5.3. Lanarkshire Sustainable Business Programme helps new and existing SME's during their growth process. Grant support towards consultancy costs and capital expenditure is available for:

- Access to finance (e.g. business plans to secure funding)
- IT and e-commerce projects
- Environmental improvements

For consultancy, a grant of up to 50% of total costs is available, up to a maximum of £3,000. For capital expenditure, a grant of up to 30% of total project costs is available up to a maximum of £7,500. LSBP also supports individuals in priority regeneration areas with grants to help them start up businesses. This is delivered by the Business Gateway on our behalf. LSBP is part funded until the end of the 2010/2011 financial year via the ERDF programme.

Lanarkshire Property Advice

- 5.4. Lanarkshire Property Advice offers up to date information on available, commercial, industrial, retail and development properties in Lanarkshire (both North and South Lanarkshire) as well as acting as a conduit for clients to relevant council departments e.g. Planning, Building Control. This programme will be enhanced by a substantial re-development of the software used to manage the enquiry handling process. It is envisaged that this will result in a significant rise in enquiries.

Supplier Development Programme (SDP) - £10,000

- 5.5. As detailed in paragraph 4.3 the Supplier Development Programme aims to assist companies who wish to do more business with the public sector through the successful submission of tenders for procurement opportunities. It provides free information, training and events.

Tourism Development - £39,000

- 5.6. The Rural Development team will continue to work to deliver the objectives of the Lanarkshire Tourism Action Plan in partnership with North Lanarkshire Council. The proposed budget will be used to deliver two shoulder season marketing campaigns in Spring and Autumn, and attend key tourism events to raise the profile of Lanarkshire as a visitor destination. Other initiatives will include printed and online marketing materials, training for the tourism sector and PR to promote the sector to a wider audience.

New Lanark Trust - £89,000

- 5.7. The Rural Development Team will continue to work with New Lanark Trust as part of the partnership group responsible for the World Heritage site conservation and development.

Business Development Initiatives

5.8. During the course of 2010/2011 the Business Support and Rural Development team will work together to identify and implement a range of other initiatives. These will include

- supporting young entrepreneurs and students through the STEP programme which is a summer undergraduate placement programme as well as the Prince's Scottish Youth Business Trust (PSYBT). PSYBT helps young people start up and continue in business by providing advice, support and training as well as test marketing grants, loans and growth funding.
- specific sectoral initiatives, for example
 - support for local, independent retailers. It is envisaged that this support would enhance the support delivered by the Chamber of Commerce and South Lanarkshire Council in Hamilton Town Centre
 - the food and drink sector. Support here would focus on the promotion and raising awareness of local producers including attendance at national events and promotional literature.
- establishing closer working relationships with local further education establishments with the aim of undertaking joint initiatives to support/facilitate people leaving University/College who wish to start their own businesses. This would build on the good working relationships we have established with Motherwell College and their Knowledge Transfer Hub.

5.9. The integration of Lease Management and Business Support offers an opportunity to engage more directly with businesses that are tenants of the Council and a number of initiatives will be developed this year including:

- A tenant/business support pack
- Debt intervention
- Advice workshops

6. Employee Implications

6.1. None

7. Financial Implications

7.1. The proposed expenditure of £431,500 will be met from existing revenue budgets within Enterprise Resources for 2010/2011. The West of Scotland Loan Fund does not require any additional resources in 2010/2011.

8. Other Implications

8.1. There are no other implications.

9. Equality Impact Assessment and Consultation Arrangements

9.1. This report does not introduce a new policy, function or strategy and, therefore, no impact assessment is required.

9.2. Lanarkshire Economic Forum partners and SLRP partners have all been consulted in the design and the development of the Council's Business Support Programmes for 2010/2011.

Colin McDowall

Executive Director (Enterprise Resources)

10 May 2010

Link(s) to Council Objectives/Values

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

Previous References

- Report to Executive Committee "Roads and Rural Investment Plan 2008-2012" 30 April 2008
- Report to Enterprise Resources Committee "Proposed Economic Development Programmes 2009/2010" 20 May 2009.
- Report to Executive Committee "Council Response to the Economic Downturn" 25 March 2009.

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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Economic Development Programme 2010/2011

No	Project	Proposed Allocation
	<u>Business Support</u>	£
	Lanarkshire Business Training Support	70,000
	Lanarkshire Sustainable Business Programme (LSBP)	150,000
	Supplier Development Programme	<u>10,000</u>
		<u>230,000</u>
	Sub Total	
	<u>Rural Development</u>	39,000
	Tourism Development	<u>89,000</u>
	New Lanark Trust	
		<u>128,000</u>
	Sub total	
		<u>73,500</u>
	Business Development Initiatives (Note 1)	
		<u>431,500</u>
	Overall Total	

Note 1 – Despite the structures being separate this year, the above two teams are working jointly to maximise the efficiencies for businesses in South Lanarkshire. As a result, this balance is being operated on a joint basis between the two teams. Both teams will explore every external funding opportunity to enhance the above programmes and initiatives.

Business Support Programmes: Year on Year Comparisons

Achievements 2009/2010	Annual Target 2009/2010	Total for Year 2009/2010	Annual Target 2010/2011
Lanarkshire Business Training Support <i>No of businesses assisted</i> <i>No of trainees assisted</i> <i>No of VQ or equivalents achieved</i> <i>Leverage</i>	28 112 112 £70,000	76 236 60 £122,565	61 211 137 £70,000
Lanarkshire Sustainable Business Programme <i>No of businesses assisted</i> <i>No of jobs created/safeguarded</i> <i>Additional Sales</i> <i>Leverage</i>	51 51 £ 459,000 £ 3,774,000	50 109 £ 380,221 £1,026,000	50 75 £ 1,000,000 £ 5,000,000
Lanarkshire Property Advice <i>No of enquiries undertaken</i> <i>No of enquiries satisfied</i>	1000 170	774 123	1000 170
Supplier Development Programme <i>No of businesses assisted</i>	25	168	75
West of Scotland Loan Fund <i>No of businesses assisted</i> <i>No of jobs created/safeguarded</i> <i>Additional Sales</i> <i>Leverage</i>	36 432 £7,200,000 £4,500,000	13 216 £972,740 £5,433,752	18 278 £2,800,000 £4,480,000
BUSINESS SUPPORT TOTALS	Target 209/2010	Achieved 2009/2010	Target 2010/2011
<i>No of businesses receiving financial advice</i> <i>No of jobs created/safeguarded</i> <i>Leverage</i> <i>Additional sales generated</i> <i>No of trainees assisted</i> <i>No of VQ or equivalents achieved</i> <i>No of businesses receiving business advice</i>	140 483 £5,029,000 £10,974,000 112 112 1140	307 325 £1,475,526 £6,459,752 236 60 1081	129 353 £3,879,849 £9,480,000 211 137 1204