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Report to:	Enterprise Resources Committee
Date of Meeting:	15 June 2011
Report by:	Executive Director (Enterprise Resources)

Subject:	Proposed Business Support Programmes 2011/2012
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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 2010/2011
- ◆ seek approval for a range of business and rural/tourism development programmes and initiatives in 2011/2012

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 2010/2011, as set out in Section 4 and Appendix 1 of this report be noted.
- (2) that business support programmes and rural/tourism development initiatives proposed for 2011/2012, as detailed in Section 5 and Appendix 2 of this report, be approved.

3 Background

- 3.1 The Council continues to prioritise the support of the local economy, albeit delivered against a backdrop of continued economic uncertainty, high levels of unemployment and increasing costs.
- 3.2. The Council works closely with North Lanarkshire Council and the Business Gateway to deliver a range of support to businesses and has strong links with the Chamber of Commerce and local further education institutions. The Council chairs the Lanarkshire Economic Forum, currently considering the development of a new strategic framework to replace the previous economic strategy for Lanarkshire, Changing Gear: Towards 2010.
- 3.3 North Lanarkshire Council leads on the management of the Business Gateway contract for Lanarkshire which runs until October 2012 and discussions continue, at a national level, on the mechanism for procuring these services in the future. The Lanarkshire Business Gateway Steering Group continues to review contract targets and performance, with a local Contract Addendum being used to supplement services to good local businesses impacted by the recession.

- 3.4 A successful bid for additional European Funding, led by Lanarkshire Business Gateway, will enable a greater degree of involvement with social economy organisations throughout Lanarkshire over the next three years.
- 3.5 As part of its commitment to supporting the local economy the Council agreed, in June 2010, to a portfolio of business support and rural/tourism development initiatives for 2010/2011 totalling £431,500. This portfolio included grants for small to medium sized enterprises (SMEs) 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 and a selection of other initiatives detailed below.
- 3.6 The outcomes of these initiatives for 2010/2011 are detailed in Section 4 and Appendix 1 of this report. The proposals for 2011/2012 are detailed in section 5 and the budget is set out in Appendix 2.

4. Business Support Programme Performance 2010/11

West of Scotland Loan Fund (WoSLF)

- 4.1. West of Scotland Loan Fund offers loan funding for SMEs. Loans of up to £50,000 are available to existing businesses trading for more than 2 years, while loans up to £30,000 can be arranged for new or existing businesses trading for a shorter period of time. The interest rate is 2% above Bank Base Rate, fixed for the period of the loan with a maximum repayment period of 7 years.
- 4.2 The difficulty in securing private sector (e.g. bank) funding has led to an increase in the demand for WoSLF and in the last year 20 companies were supported to the tune of £677,000 (average award £33,850). This has led to 341 jobs being created or secured and £15,080,939 of additional sales.

Lanarkshire Business Training Support (LBTS)

- 4.3 Lanarkshire Business Training Support Scheme provides grant funding towards training costs. A grant of up to 50% of total training costs is available, up to a maximum of £3,000. A successful consortium application for EU funding secured resources for three years up to 2013. This initiative works in tandem with Skills Development Scotland's Flexible Training opportunity, which supports sectors not eligible for LBTS e.g. retail.
- 4.4 In 2010/11 this programme supported 78 companies to train 308 employees, an increase on previous years and ahead of programme targets. It is encouraging that the local business base appears to be still committed to invest in employee training, an area that can suffer in times of economic difficulty and uncertainty.

Lanarkshire Sustainable Business Programme (LSBP)

- 4.5 Lanarkshire Sustainable Business Programme helped new and existing SMEs by offering grant support towards consultancy costs and capital expenditure projects relating to accessing finance (business planning), IT and e-commerce projects and resource efficiency. This programme also supported individuals in priority regeneration areas with grants to help them start up businesses. This latter aspect of the programme was delivered by the Business Gateway on the Council's behalf.
- 4.6 The European Funding for this programme ended in 2010/11 and the programme is now closed to applications. However, during its final year the programme supported 72 companies. This has led to 254 jobs being created or safeguarded and £262,395 additional sales. An evaluation of the overall success of the programme will be carried out during 2011/2012.

Rural Capital Grant Scheme (RCGS)

- 4.7 The Rural Capital Grant Scheme is a competitive discretionary grant fund aimed at supporting new and existing small businesses, located in rural South Lanarkshire, undertake growth projects. The fund is aimed primarily at local lifeline service provision, the social economy and the Tourism sector. A grant of up to 50% and a maximum award of £10,000 is available (£15,000 if it relates to Tourism). The fund can also support the costs of preparing businesses plans associated with the development of a RCGS application to a maximum of 50% or £1,200.
- 4.8 In 2010/2011 the RCGS supported 11 companies with a commitment to £90,355 of funding.

Supplier Development Programme (SDP)

- 4.9 The Supplier Development Programme aims to provide events, training and support to companies who wish to do more business with the public sector.
- 4.10 69 companies have been assisted this year and the focus has been on cultivating a strong relationship between the Council's procurement service and local suppliers. A workshop event held in November has led to the development of a working party with representatives from local businesses, the business support community and the procurement service tasked with improving the tendering process and communications.

Clyde Gateway

- 4.11 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, those having to relocate as a result of the redevelopment proposals for the Shawfield and Farme Cross areas.
- 4.12 During 2010/2011, 3 companies were assisted to relocate to new premises and discussions continue with over 30 other businesses in the area.

Other Business Support Initiatives

- 4.13 Lanarkshire Property Advice Service offers up to date information on available commercial, industrial, retail and development properties in Lanarkshire (both North and South) as well as acting as a conduit for clients to relevant council services such as Planning, Building Standards etc. During 2010/2011 the service dealt with a total of 677 enquiries with 114 of these being satisfied through identification of suitable premises. The drop in the level of enquiries this year is a reflection of the suppressed property market.
- 4.14 The Prince's Scottish Youth Business Trust is Scotland's leading charity in providing finance and professional support to 18-25 year olds to establish and run their own businesses. Supported by both South and North Lanarkshire Councils the Trust has helped 20 young people during 2010/2011
- 4.15 STEP is a work experience programme for undergraduates studying full time for a degree at a UK university. The work experience takes the form of an eight week summer placement during which the student will assist a business by carrying out a specific project in return for an allowance of £210 per week. In the summer of 2010 five students were placed in the area with the Council's support.

- 4.16 Business Advice is one of the most important but least visible forms of support, with businesses being given advice, referred to appropriate services internal to the Council or to partners such as the Business Gateway. The bringing together of the Lease Management and Economic Development Teams has increased the level of support to Council commercial/industrial tenants with visits to business centres and tenants experiencing financial difficulties now routine.
- 4.17 These initiatives sit alongside the employability team's support for local companies delivered through job brokerage training and support schemes covered in the Routes to Inclusion report to Committee on 30 March and demonstrate the broad range of support available to employers in the area.

5. Proposed Business Support Programmes for 2011/2012

West of Scotland Loan Funding - £70,000

- 5.1 An additional financial contribution of £70,000 has been made to the Fund from the dissolved Lanarkshire Business Venture Fund enabling consideration of a wider range of applications during 2011/2012.

Lanarkshire Business Training Support (LBTS) - £50,000

- 5.2 This programme will continue for a further two years and applications are already being progressed for 2011/2012.

Lanarkshire Consultancy Grant - £75,000

- 5.3 A new proposed programme of grant support replacing the Lanarkshire Sustainable Business Programme has been put in place offering a grant of up to 50% towards the costs of eligible consultancy up to a maximum of £3000.

Graduate Employment Programme - £75,000

- 5.4 This initiative has been developed to encourage local businesses to provide employment to graduates by providing a wage subsidy which would be the equivalent of 60% of the national minimum wage for a period of 26 weeks. Businesses will be supported in the recruitment, employment and aftercare of graduates and in return will provide graduate calibre employment and relevant work experience.

Rural Capital Grant Scheme - £107,000 to June 2012

- 5.5 The Rural Capital Grant Scheme continues to be important source of support to an area of South Lanarkshire affected disproportionately by the continued increase in transport costs and in light of the loss of capital support opportunities previously provided through the Lanarkshire Sustainable Development Fund.

Supplier Development Programme - £10,000

- 5.6 Building on last year's successes it is intended to offer the services of SDP to support companies wishing to take advantage of the supply chain opportunities that will arise from major projects in the West of Scotland, including the next phase of South Lanarkshire Council's Schools modernisation programme. These resources will also be used to co-host a Lanarkshire Meet the Buyer event.

Clyde Gateway - £71,000

- 5.7 The Council will continue to engage with businesses in this area working with the URC partners to deliver practical and financial support for relocation, consolidation and expansion of business.

Tourism Development - £39,000

- 5.8 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 seasonal 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 PR/marketing materials and training for the sector.

Other Business Support Initiatives £182,000

- 5.9 A number of improvements will be made to the software used to manage enquiries through the Lanarkshire Property Advice Service. This, combined with the increased profile of the Business Advice Service and proposed "Meet the Council" event described below will hopefully see a rise in the levels of enquiries received.
- 5.10 It is proposed that there will be continued support of young people through PSYBT and STEP programmes and the development of closer links with local further education establishments e.g. through the Motherwell College Business Hub.
- 5.11 Using a format similar to that successfully used by SDP, it is proposed to organise a "Meet the Council" event bringing together relevant services such as Planning, Building Standards, Trading Standards and Environmental Health in one place and inviting the business community to attend and hopefully become more familiar with the support that is available throughout the Council.

6 Employee Implications

- 6.1 There are no employee implications.

7 Financial Implications

- 7.1 The proposed expenditure of £679,000 will be met from existing revenue budgets within Enterprise Resources for 2011/2012.

8 Other Implications

- 8.1 There is a low risk that there will be insufficient take up of the programmes offered. However, analysis of previous years demand suggests that this is unlikely. Close working relationships with the Business Gateway, North Lanarkshire Council and other partners ensure appropriate promotion and uptake of the support programmes available.

9 Equality Impact 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 2011/2012.

Colin McDowall

Executive Director (Enterprise Resources)

19 May 2011

Link(s) to Council Objectives/Values/Improvement Themes

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

Previous References

- Enterprise Resources Committee, Report on Proposed Business Support Programmes 2010/2011, 2 June 2010

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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BST Achievements 2010/2011	Total for 2010/11	Total for 2009/10
Clyde Gateway Support		
<i>No of businesses assisted</i>	3	4
<i>Leverage</i>	£1,180,197	£132,000
Lanarkshire Business Training Support		
<i>No. of businesses assisted</i>	78	76
<i>No. of trainees assisted</i>	308	236
<i>No of VQ or equivalents achieved</i>	224	60
<i>Leverage</i>	£125,477	£122,565
Lanarkshire Property Advice Service		
<i>No. of enquiries undertaken</i>	677	774
<i>No. of enquiries satisfied</i>	114	123
Lanarkshire Sustainable Business Programme		
<i>No. of businesses assisted</i>	72	50
<i>No. of jobs created/safeguarded</i>	254	109
<i>Leverage</i>	£262,395	£380,221
<i>Additional sales</i>	£3,130,000	£1,026,000
Supplier Development Programme		
<i>No of businesses assisted</i>	69	168
West of Scotland Loan Fund		
<i>No. of businesses assisted</i>	20	13
<i>No. of jobs created/safeguarded</i>	341	216
<i>Leverage</i>	£4,018,000	£972,740
<i>Additional sales</i>	£15,083,939	£5,433,752
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OVERALL PROGRAMME ACHIEVEMENTS 2010/2011		
<i>No. of businesses assisted</i>	919	1085
<i>No. of businesses receiving financial assistance</i>	173	143
<i>No. of jobs created/safeguarded</i>	595	325
<i>Leverage</i>	£5,586,069	£1,607,526
<i>Additional sales generated</i>	£18,213,939	£6,459,752
<i>No. of trainees assisted</i>	308	236
<i>No of VQ or equivalents achieved</i>	224	60

BUSINESS SUPPORT PROGRAMMES 2011/12

Programme	Budget
Clyde Gateway	£71,000
Lanarkshire Business Training Grant	£50,000
Lanarkshire Consultancy Grant	£75,000
Graduate Employment Programme	£75,000
Rural Capital Grant	£107,000
West of Scotland Loan Fund	£70,000
Supplier Development Programme	£10,000
Business Support Initiatives	£182,000
Tourism Development	£39,000
	£679,000