

Report

13

Report to:	Enterprise Resources Committee
Date of Meeting:	15 February 2012
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Business Development Annual Review
----------	---

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ inform Committee of the business support activity undertaken by the Council in 2011/2012
- ◆ seek approval for an additional investment in the West of Scotland Loan Fund

2. Recommendation(s)

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

- (1) that the Council's business support activity in 2011/2012 be noted
- (2) that additional funding of up to £50,000 is invested in the West of Scotland Loan Fund

3. Background

3.1. The continuing fragile economic conditions are well documented at a national and local level, and against this backdrop the Council continues to prioritise the support of the local economy. Businesses are continuing to face increasing challenges but counter intuitively, are tending to engage less intensively with the support that is available, given fears around sustaining current activity levels and uncertainty over the prospects for growth.

3.2. Against this generally downbeat economic backdrop, Regeneration Services' Business and Property Development team continues to engage with local businesses and makes every effort to help realise growth potential where possible. Business support activity falls into 3 distinct categories which are explained in more detail in section 4 with results provided for the 9 months to December 2011. These are:

1. Funding
2. Facilitation
3. Information

3.3. Council officers continue to work proactively with their North Lanarkshire Council counterparts 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 our business support programmes. The Council is currently in

discussions regarding the delivery of the new Business Gateway contract from October 2012 and every effort is being made to improve flexibility and maximise opportunities for the South Lanarkshire businesses as an outcome of this process.

- 3.4 Since the last report to Committee on Business Support activity, the Scottish Government has issued its new Economic and Regeneration Strategies. Consideration is being given as to what amendments should be incorporated into our 2012/2013 programme given the strong national focus on exporting, and sectors such as tourism and food and drink.

4 Business Support Activity 2011/2012 Funding

- 4.1. Two thirds of the £697,000 revenue budget agreed by Committee in June 2011 is spent on direct intervention grants and loans for businesses. The Council is continually seeking opportunities to collaborate with partners to identify opportunities to secure external funding to match against our revenue budgets.

West of Scotland Loan Fund

- 4.2. The key investment tool at the present time for business support is the West of Scotland Loan Fund where 3 investments have been made to date this year (safeguarding/creating 68 jobs and creating over £1m in new sales) and there is 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 Fund is the Council's key tool to act as a catalyst to initiate or to gap fund projects. It is appropriate that the Council maximises its investment in this Fund moving forward given that economic conditions are unlikely to improve dramatically soon.

- 4.3. The West of Scotland Loan Fund is set up as a separate company, Limited by Guarantee, and has the 12 West of Scotland Local Authorities as its members. South Lanarkshire Council is the biggest user of the fund and any investments made in the Fund, and repayment of all loans made in South Lanarkshire, are ring fenced to be used locally. It is proposed to invest up to £50,000 in the West of Scotland Loan Fund to allow us to match this with ERDF funding and maximise the opportunity for South Lanarkshire companies.

Rural Capital Grant Scheme

- 4.4. 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 and £15,000 if related to tourism. The fund has supported 7 companies creating / safeguarding 23 jobs and increased sales of £268K.

4.5. Training Grant Support

The Lanarkshire Business Support Initiative Training Fund is a partnership programme with other West of Scotland local authorities and has secured ESF funding to 2013. The fund is a 50% grant award for eligible training used to help the business grow and develop, and to date it has assisted 50 companies and 160 trainees, with projected new sales of over £6M.

4.6. Consultancy Grant Support

The Lanarkshire Business Support Initiative Consultancy Fund is a grant fund which again acts as a catalyst fund to encourage companies to progress with a project requiring external consultancy support, which can help to unlock any barriers to growth. Examples would be business planning to encourage diversification and

online e-commerce sales development. To date it has assisted 34 businesses and these projects have projected sales to increase by £9M.

4.7. **Clyde Gateway**

As a member of 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. Discussions continue with businesses either wishing to relocate to this area or who are already in the area, and a few of these will work towards future potential investment in the very near future.

4.8. **Graduate Employment Programme**

This initiative has been developed to encourage local businesses to employ graduates by providing a wage subsidy equivalent to 60% of the national wage for 26 weeks. To date 16 placements have been made. Businesses are given full support and the graduates given relevant work experience.

Facilitation

4.9. **Supplier Development Programme**

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 11 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. Events will be tailored to customer needs and the next one programmed is with the Schools Modernisation contractors on 26 January.

4.10. **Tourism sector**

The Lanarkshire Tourism Action Plan is a pan Lanarkshire initiative and is based on the national tourism strategy which has very ambitious growth targets set prior to the economic downturn. Over the last 5 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 development of the 2 sector associations (visitor attraction and accommodation) which are now constituted, and also the development of the www.visitlanarkshire.com web portal, which is the visitor information portal for the area. The tourism officers work with the sector to create and roll out marketing campaigns to stretch the length of our short break/daytrip tourism season in Lanarkshire, and these have been very successful over the last few years, and seek to maximise return from the "staycation" effect of the economic recession. To December, 25 companies have participated through this programme.

4.11. **Food and Drink sector**

Over the past 3 years, the Council has participated with North Lanarkshire Council in the Good Food Show at the Glasgow SECC. Each year Lanarkshire has had a stand with 4 companies from each of the areas promoting the range of high quality products available locally. These have been very well received. This has resulted in an EAT guide being developed which is a local food and drink directory for Lanarkshire and is available to the trade and public. There are many areas where this sectoral work could develop in the future especially given the national focus on the sector under the new Scottish Government economic strategy. The two Councils have been working closely with Scottish Enterprise's West of Scotland Food and Drink Forum to promote a number of events locally.

Information

4.12. Lanarkshire Property Advice Service

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 December it has assisted 469 businesses with enquiries and satisfied 41 of these.

4.13. Other initiatives - Lanarkshire Business Week

The Lanarkshire Business Week Initiative (27 February to 2 March 2012) was developed by North and South Lanarkshire Councils to market the range and variety of support available directly to businesses at this time, and to encourage them to engage with the support. There will be over 20 events happening throughout the week in locations throughout Lanarkshire. All Lanarkshire Business Week events are intended to be free and open to all, regardless of the age, sector or location of business. The week will conclude with the keynote event, the Lanarkshire Business Excellence Awards 2011/2012 at the Shawlands Park Hotel on Friday 2 March 2012.

4.14. LBW includes a "Meet the Council" promotional event, previously noted in the Enterprise Resource Committee report of 15 June 2011, which represents an opportunity for the Council's business-facing teams to promote initiatives to the business community in a coordinated way.

5. Employee Implications

5.1. There are no employee implications

6. Financial Implications

6.1. The additional investment proposed for the West of Scotland Loan Fund of up to £50,000 will be accessed through existing resources and funds due to the Council from the wind up of the Metro West Programme and will be matched by ERDF Funding.

7. Other Implications

7.1. Appropriate due diligence is carried out on all businesses who are seeking support from the Council's programmes. Every effort is made to minimise the possibility of defaults on loans but this can never be ruled out and some companies may go into administration. However the Council's record is good in this respect and where it does happen all efforts are made to recoup funds.

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. All necessary consultation has been undertaken with NLC, the Business Gateway and other stakeholders.

Colin McDowall

Executive Director (Community and Enterprise Resources)

19 January 2012

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

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

Previous References

- Enterprise Resource Committee 15 June 2011 - Proposed Business Support Programmes 2011/2012
- Executive Committee – Business Gateway December 2011

List of Background Papers

None

Contact for Further Information

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

Yvonne Rogers, Business Development Team Leader

Ext:5679 (Tel:01698 455679)

E-mail: yvonne.rogers@southlanarkshire.gov.uk