

# Report

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Report to:	<b>Enterprise Services Committee</b>
Date of Meeting:	<b>17 May 2016</b>
Report by:	<b>Executive Director (Community and Enterprise Resources)</b>

Subject:	<b>Business Support Services Annual Report</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ inform Committee of the business support activity undertaken during 2015/2016 and agree the programme for 2016/2017.

## 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 2015/2016 be noted.
- (2) that the proposed business support and sector development programmes budget for 2016/2017, as detailed in the report, be approved.

## 3. Background

- 3.1. As a Connect Priority Objective, Planning and Economic Development Services continue to focus on supporting the local economy and creating the right conditions to support sustainable economic growth.
- 3.2. Businesses continue to face many and varied challenges in South Lanarkshire. While some businesses are seeing evidence of business and sales growth, others still find it difficult to sustain previous business performance and to access finance.
- 3.3. Through its Business Support team, in Planning and Economic Development Services, the Council supports local businesses to increase turnover, trade and to create employment. This is undertaken through grants and loans, advice and sign posting to other sources of advice/financial support and a range of partnership activities. This in turn contributes to the delivery of the Community Planning Partnership Improvement Plan as it relates to supporting sustainable economic growth. Specific activities are set out in the following sections of the report.

## 4. Business Support Activities

### 4.1. Business Support Grants

The Council's Business Support Grants are competitive, discretionary funds, up to a maximum of 50% of eligible costs and, in 2015/2016, have been supported by European Regional Development Fund (ERDF) under the Business Gateway plus programme to September 2015. The grants provide financial support to small and medium sized enterprises (SMEs) and award levels are assessed by the Business

Support team based on projected outcomes for the business (jobs safeguarded/created, increase in turnover and/ or profit) and satisfactory evidence of need.

4.2. Grants can cover external costs such as employee training and external consultancy costs, expenses related to attending exhibitions to explore new markets, purchase of capital equipment and improvements to property.

4.3. **West of Scotland Loan Fund**

In addition to grants, the Council administers loans to businesses of up to £100,000, on a commercial basis at 5% interest rate, through the West of Scotland Loan Fund, (WoSLF) which provides gap funding to eligible projects. The West of Scotland Loan Fund is a company limited by guarantee and has 12 local authority members. South Lanarkshire Council is the second biggest user of the fund and investments made into the fund, repayments and interest on all loans made in South Lanarkshire, are allocated to be used solely within South Lanarkshire. Loans can be for the purchase of plant and equipment, property improvements and working capital. WoSLF began in 1996 with loans issued to date worth £2.075M and this has levered ERDF income of £751,000.

4.4. A bid is currently being made to the new EU funding programme 2015 to 2020 to create a pan Scotland Business Loans Fund with South Lanarkshire's membership approved by the Executive Committee on 11 February 2015. A transformation group representing all 32 local authorities, was set up to form a new company, Business Loans Scotland, along similar lines and to supersede WoSLF, to maximise access to European funding and ensure appropriate governance and management arrangements are put in place. It is intended that available funds in the West of Scotland Loan Fund are to be transferred into the new company mid 2016, and this loan product will then continue until 2018. Including ERDF, it is estimated that up to £1.1M will be available for loans to support SMEs in South Lanarkshire within this period.

4.5. **Key Sector Support Initiatives**

Key economic growth sectors are supported including national key economic growth sectors, tourism and food and drink, and town centre incubation and Clyde Gateway SMEs.

4.6. In relation to tourism, there is a dedicated tourism officer who works with the sector to create and roll out marketing campaigns through [www.visitlanarkshire.com](http://www.visitlanarkshire.com) and [venueslanarkshire.com](http://venueslanarkshire.com) to extend the tourism season in Lanarkshire. This work is undertaken in conjunction with partners North Lanarkshire Council, VisitScotland and private sector accommodation, attractions and entertainments businesses.

4.7. The team also engages with the food and drink sector, and, following a successful launch of the Eat Lanarkshire guide in 2014, has published the Lanarkshire Food Map which was launched at the 2016 Lanarkshire Business Week.

4.8. **Public Sector Procurement-Supplier Development Programme**

The team works to encourage and enable more South Lanarkshire companies to take up local, public sector procurement opportunities, promoting membership, training and events delivered through the Supplier Development Programme to local SMEs.

4.9. **Marketing**

The Council continues to market the business support available through initiatives such as the Lanarkshire Business Week which includes many free events and

workshops to showcase the range and levels of business support on offer from both the council and its partners.

ChooseLanarkshire was launched in 2015 in partnership with North Lanarkshire and is the key inward investment tool to showcase to businesses the attractions of Lanarkshire as a location to invest, work and live.

#### 4.10. **Business Advice**

Business advice is one of the most important forms of support, with the businesses given advice, introduced to appropriate services within the Council or partners such as the Business Gateway, Scottish Enterprise or Chamber of Commerce.

#### 4.11. **Lanarkshire Property Advice Service (LPAS)**

The LPAS 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.

#### 4.12. **Business Gateway**

The Business Support team continues to play a key role in the management of the Lanarkshire Business Gateway contract which is the key, nationally branded and locally delivered, business start up and growth advisory service. Through participating in contract operations management and Steering Group meetings, the key performance management and scrutiny role on the contract is undertaken together with lead partner North Lanarkshire Council who manage the contract.

### 5. **Performance Highlights 2015/2016**

5.1. During 2015/2016, the Council's Business Support Grant support for SMEs was enhanced by the ERDF Business Gateway plus programme until September 2015. This created a ring fenced pot of funding which generated an additional £348,071 in ERDF grant over the whole programme period to 30 September 2015. This assisted 173 businesses and created or safeguarded 1373 jobs.

5.2. Clyde Gateway participated in the Council's ERDF bid, contributing £50,000 per annum match funding across the period to fund business support grant activities in the Clyde Gateway area. This created a ring fenced pot of funding which generated an additional £102,832 in ERDF grant over the whole programme period to 30 September 2015. This assisted 22 companies and created or safeguarded 309 jobs in the Clyde Gateway URC area within South Lanarkshire.

5.3. The Town Centre Incubation project, offering business grants to town centre businesses, levered £47,191 in ERDF funding over the whole programme period to 30 September 2015. This assisted 5 town centre companies and created or safeguarded 13.5 jobs.

5.4. The largest investment tool at the present time for business support is the West of Scotland Loan Fund. The Council made one investment during the year of £30,000 to Hebridean Farm Shop Limited in Blantyre to provide essential working capital which enabled the company to secure a supply contract with an international discount supermarket. This investment will create 2 jobs in the short term and additional sales forecast over £271,000.

5.5. The Area Tourism Partnership is completing an extended consultation prior to the launch of the new Lanarkshire Tourism Action Plan in the summer of 2016. The online customer training module [www.belanarkshire](http://www.belanarkshire) seeks to enhance customer

service in the sector. 350 individuals have been registered to undertake this training programme to March 2016 and over 52 companies have been assisted through the tourism support programme. During the year, the Lanarkshire Food Map was produced which raises awareness of 117 local producers and venues which serve local produce.

- 5.6. To date 603 companies in South Lanarkshire have registered with the Supplier Development Programme, an increase of 32% in the year. The focus continues to be on establishing strong relationships with the Council's procurement service, local suppliers and Grow Local, a new diagnostics tool which enables local authorities to identify where their procurement spend impacts the local economy and to target future spend to local businesses.
- 5.7. LPAS assisted 351 businesses with enquiries and satisfied 74 (21%) property requirements.

## **6 Business Support Budget 2016/2017 – Proposed Programme**

6.1. The proposed total budget for 2016/2017 business support-grants, sector support, partnership and marketing activities, set out in Appendix 1, is £605,977 (2015/2016 £450,200. ) This includes council revenue budget, proposed ERDF to be awarded of £117,692 under the new 'Business Competitiveness' European programme, £102,285 additional payment from the 2010 to 2014 ESF programme and assumes SE Tourism Destination funding of £25,000 is confirmed. The core budget remains unchanged and the variance is due to the success in securing additional resources from European funding. The proposed programme is set out below.

### **6.2. Business Support Grant**

The Business Support Grant for 2016/2017 is proposed to be funded as follows:-

- £230,000 from the core business support revenue budget level as 2015/2016
- European funding of £117,692 ERDF;
- European funding of £102,285 ESF has been awarded from the 2010 to 2014 programme

Therefore, making a total of £449,977 available to provide grants to SMEs.

6.3. There is an opportunity under the LEADER strand of the new Scottish Rural Development Programme for both rural enterprise funding and farm diversification funding. LEADER is delivered through the Local Action Group and the Business Support team will seek to advise and inform the shape of the rural business support to ensure it is complementary to the core support already available.

### **6.4. Business Loans Scotland**

A contract for the administration and management support for the new Loan Fund company is currently in the Invitation to Tender stage and confirmation is awaited on the outcome of the bid for ERDF funding. The proposed value of the national fund is £15M in total over a 2 and a half year period and South Lanarkshire Council has an allocation of £1.1M within the fund to lend to businesses at 6% over the next 2 and a half years. It is anticipated that the company will be in full operation in the summer of 2016. The Council has a representative on the Regional Management Group (RMG.) A Board of Directors will be formed with representatives from the three RMGs.

## **Key Sector Growth Initiatives**

### **6.5. Tourism**

The Lanarkshire Tourism Action Plan is a pan-Lanarkshire initiative based on the national tourism strategy. The Council has successfully worked in close partnership with the tourism sector over the last 8 years to maximise the visitor expenditure in the area. The proposed budget for 2016/2017 remains £59,000 and the tourism officer is presently pursuing external funding through a new Scottish Enterprise Tourism Destination Development Fund which could result in an additional £25,000 for 2016/2017. This additional funding is currently at expression of interest stage and an additional £100,000 is being sought which will be equally split across North and South Lanarkshire areas over 2 years.

### **6.6. Food and Drink Sector**

The Business Support team continues to work closely with Scotland Food and Drink, to continue specialist advice to the sector, ranging from one to one support to workshops. This focuses activity on growing businesses in the sector, improving marketing food and drink products to businesses and also to consumers and improving industry collaboration. The proposed budget for 2016/17 is to be held again at £10,000 and is included in Business Support Initiatives, attached as Appendix 1. Individual companies will still be able to access additional grant support through the direct grant funding support mechanisms above.

### **6.7. Young Entrepreneurship**

The Council will continue to support younger entrepreneurs through supporting the Prince's Trust Youth Business Scotland (PTYBS) work in Lanarkshire and the Business Support team is engaged with Education Resources to develop and deliver new projects for potential school leavers, to ensure that new business start up is considered as a realistic option. The Young Apprentice project has run successfully in summer of 2015 for the fourth year and the agenda is currently being developed to launch the 2016 project.

### **6.8. Supplier Development Programme**

The Supplier Development programme has grown since South Lanarkshire Council took over as host authority in 2014 to now include 31 local authorities across Scotland. It is a key 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. The subscription for 2016/17 is held at £10,000.

### **6.9. Business Gateway**

Following an external evaluation by independent economic consultants, some improvement and refinement to Business Gateway services have been agreed by the Steering Group. As a consequence, tenders for the new contract will be sought in three lots comprising start up, growth and expert help services and are currently at PQQ stage with the objective of securing and commencing the new contracts on 1 October 2016. This activity is fully funded by the Scottish Government.

### **6.10. Marketing and Partnership Activity**

It is intended that established, successful key partnership projects such as Lanarkshire Business Week, the Lanarkshire Business Excellence Awards and Choose Lanarkshire inward investment will continue. In addition, in order to meet the priorities in the Sustainable Economic Growth Board, Performance Improvement Plan, new and existing partnership activities are also being developed with Scottish

Enterprise, The Glasgow City Region City Deal partnership and CEED to improve both targeting and general support for businesses in South Lanarkshire.

## **7. Employee Implications**

7.1. There are no employee implications

## **8. Financial Implications**

8.1. The proposed expenditure of £605,977 in Appendix 1 will be met from existing revenue budgets within Community and Enterprise Resources for 2016/2017 and ERDF income under the Business Competitiveness Grant Support Lanarkshire project, ESF 2010 to 2014 programme and Scottish Enterprise Tourism Destination Fund Bid.

## **9. Other Implications**

9.1. The risks in not proceeding with these proposed Business Support programmes are that the Council will fail to adequately achieve the Connect objective of promoting recovery and sustainable economic growth, through support the local economy by providing the right conditions for growth. This will, in turn, have a negative impact on the local economy, employment and general social wellbeing. This will also create a threat to existing partnerships and have a considerable negative impact on the Council's reputation.

## **10. Equality Impact Assessment and Consultation Arrangements**

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

10.2. Consultation in respect of these services has taken place with relevant partners and, where appropriate, stakeholders.

**Michael McGlynn**

**Executive Director (Community and Enterprise Resources)**

**4 May 2016**

### **Link(s) to Council Values/Objectives**

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

### **Previous References**

- Executive Committee 11 February 2015 Scottish Local Authority Business Loan Fund.
- Enterprise Services Committee 5 May 2015 Business Support Services Annual Report
- Executive Committee 13 April 2016 Supplier Development Programme

### **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

### Business Support Programmes

<b>Proposed Budget 2016/2017</b>			
	<b>Budget 2015/2016</b>	<b>Proposed Budget 2016/2017</b>	
Business Support Grant Fund	230,000	230,000	
ERDF element from BG plus programme to 2015	53,200	-	note 1
ERDF 2015-2020 programme	36,000	117,692	note 2
ESF 2010-2014 programme		102,285	note 3
<b>Total Business Support Grants Fund</b>	<b>319,200</b>	<b>449,977</b>	
Tourism Sector Support	59,000	84,000	note 4
Business Support Initiatives	40,000	40,000	
Supplier Development Programme	10,000	10,000	
Marketing	22,000	22,000	
<b>Regeneration Services Business Support Total Budget</b>	<b>450,200</b>	<b>605,977</b>	

Note 1- This included ERDF of £40,000 for Business Support grants and £13,200 for Clyde Gateway grant support which ended in September 2015.

Note 2 - This amount in 2016/2017 has recently been awarded and will enhance the Business Support fund. This programme will run until 31 December 2018.

Note 3 – This amount relates to ESF on Skills and Business Growth Training programme which ran from April 2010 to June 2014, completing in September 2014. Due to the council's business support team performing well, when other local authority partners underperformed in activity under the 2010-2014 West of Scotland ESF supported training programme, an additional £102,285 ESF has been awarded from the 2010-2014 programme which may be used to enhance business support services.

Note 4 – Includes a £25,000 bid for Tourism Destination Funding from Scottish Enterprise; to be confirmed.