

REPORT

TO: ECONOMIC DEVELOPMENT COMMITTEE		Subject: BUSINESS DEVELOPMENT SERVICES & BUDGETS
From: DIRECTOR OF PLANNING & DEVELOPMENT		
Date: 18TH JANUARY 1996	Ref:JT/CMcA/GS/ REPORT.003	

PURPOSE OF REPORT

This report identifies the various forms of business development support currently available within the North Lanarkshire Council area, including the level of financial support invested in the local economy and the benefits derived from the business support measures. It identifies future areas of business development support which will be delivered through the Planning and Development Department of North Lanarkshire Council and seeks agreement from elected members to proceed with the establishment of the relevant programmes.

The three main areas of business development support are:-

- (i) Training and Employment Initiatives.
- (ii) Assistant to SMEs (Small and Medium Enterprises).
- (iii) Advice and information.

Training and Employment Initiatives

It is essential, in order to fulfil the aims and objectives of an economic development strategy, to provide assistance for individuals and companies within North Lanarkshire, so that the economy can benefit from a suitably trained workforce, company start-ups and that existing companies continue to evolve and grow.

An integral part of a comprehensive economic development strategy is the provision of training and employment opportunities. At present there are a number of such initiatives focused on North Lanarkshire which are targeted at specific areas, groups and industrial sectors.

As a result of the reorganisation of local government, it is necessary to review existing provision and determine if such provision meets the needs of North Lanarkshire. Where appropriate it may be necessary to extend current provision in order that all within North Lanarkshire have the opportunity to obtain assistance.

Table 1 lists those training and employment initiative programmes which it is proposed are continued by North Lanarkshire Council. The proposed cost to provide these services throughout North Lanarkshire is listed. The programmes which are not included for continuation are listed in Appendix 1.

Training & Employment Initiatives to be continued by N.L.C. (Table 1)

Name of Authority	Programme	Description	Existing Budgets Total (Approx) *	Proposed Value of N . L . C . Contribution ~	Total N.L.C. Budget #
Monklands	Lift off/Employment Enhancement	£500 unemployment training grant	£20,000	£16,000	£48,000
Motherwell	Women Mean Business	Personal development and business training for women employees.	£8,000 pilot	£20,000	£40,000
Motherwell	Women's Placement Programme	Personal and skills development programme for long term unemployed women - Urban Programme.	new project	£10,000	£40,000
Motherwell	Women's Management Development Programme	Training and consultancy programme. Targeted at women owners/employers of SMEs	£8,620 pilot	£14,000	£28,000
Motherwell	Marketing Assistance Programme (MAP)	Marketing, training and consultancy, programme to improve business skills of managers.	£18,000	£36,000	£36,000
Motherwell	Workshops	Various 1 and ½ day training courses in specific marketing subjects.	£ 7,000	£ 7,000	£14,000
S.B.D.	Employment Grant Scheme (EGS)	Grant (wage subsidy) to encourage employers to recruit unemployed and disabled unemployed.	£325,899	£260,162	£473,021
S.B.D.	Management Technology Training Grant (MTTG)	Grant of up to 80% of training fees for companies training their workforce in technological/management skills.	£255,882	£151,932	£553,530
S.B.D.	Youth Employment and Training Initiative (YETI)	Grant for employers to take on additional young people who will undergo on the job vocational training. Only funds training in skills shortage areas.	£34,550	£36,234	£181,169
TOTAL			£677,951	£551,328	£1,413,720

* The information in this column is shown to indicate the average expenditure on each project by existing Councils. The information is taken from expenditure in 1994/95 and/or budgets for 1995/96.

~The information in this column represents the proposed budgets awarded by NLC towards business development projects.

#The information in this column represents the total value of business development budgets including NLC, Urban Programme, LDA, European Funding, etc. The information is based on funding submissions already made by existing Councils to the EEC, Scottish Office, etc.

Employment Grant Schemes (EGS)

The EGS scheme is slightly different from other schemes in that it is operated on a European year, i.e. from the 1st of January each year, with the S.B.D. accounting of all grants being made on a payments basis, e.g. all claims for grants for the period of 1st of January to the 31st of March, will become due from the 1st of April.

S.B.D. have where possible ensured that there are no carried forward financial commitments to N.L.C. however it is necessary to seek the agreement of N.L.C. to operate EGS in North Lanarkshire from the 1st of January 1996. Since grant payments are made quarterly in arrears, payments for persons recruited in the January to March 1996 period are not due for payment until April 1996 i.e. at the commencement of the N.L.C.'s financial year. S.B.D. have proposed that they continue to operate EGS as normal from the 1st of January 1996, without the S.R.C. logo as the payment liability will fall on N.L.C. from 1st of April as noted above. This will be indicated in correspondence to applicants and every effort will be made to ensure that files and records are transferred to N.L.C. as smoothly as possible. This commitment for the first quarter of 1996 will cost N.L.C. approximately £65,041 of the budget allocation to this scheme. This report is proposing to agree the total budget for the EGS scheme, (see Table 1) however, should that not be possible it is essential that we get an agreement to the first quarter of the EGS budget to the value of £65,041.

Assistance to SME's

Existing local authorities assistance to small and medium sized business has been extensive and necessary through the difficult economic trading conditions which prevailed locally in addition to the national and international economic recessions. The range of assistance offered to local companies includes both the employment and training initiatives as listed above. These programmes can offer one to one consultancy, staff training and company development assistance. In addition a range of financial assistance projects are available. These are targeted at business start-ups - encouraging an increase in the business birth rate and existing companies - assisting expansion and development.

Existing Local Authority Assistance For Start-up Businesses

There are currently 4 different Financial Assistance Programmes offered by the existing authorities. It is proposed that those programmes listed in Table 2 are continued by N.L.C.

(Table 2)

Authority	Programme	Description	Existing Budget Total	Proposed Value of Council Contribution	Total N.L.C. Budget
Motherwell	Boost for Business Start-up	Grant of up to £800 for the unemployed	£50,000	£20,000	£100,000
S.B.D.	LEAF - Local Enterprise Action Fund	Capital grant of up to £1,000 for unemployed from A.P.T.	£15,000	£16,406	£32,812
S.B.D.	W.A.S.E. Womens Action for Start-up Enterprise	Capital grant of up to £1000 for unemployed women starting in business	£9,596	£ 9,956	£19,192
TOTAL			£74,596	£46,362	£152,004

Proposals for Start-up Businesses for North Lanarkshire Council

It is proposed that in order to comply with EC funding regulations that where possible those projects receiving EC funding would continue on the same basis eg Boost for Business Start, a Motherwell District Council scheme has been awarded £90,000 EC funding up until March 97. Similarly LEAF will have EC funding for a further year.

In order that the number of new business start ups in Cumbernauld and Monklands can be increased to a similar level as in Motherwell, an ERDF application will be submitted to extend the scope of Boost for Business Start Up to cover the North Lanarkshire area. This will be submitted to Strathclyde European Partnership and if successful will be approved by the 6th of May 1995. In order that this application proceeds, it is necessary that North Lanarkshire Council give approval for funding contributions. Motherwell District Council currently award £10,000 to Boost for

Business Start Up and Monklands District Council last year spend £11,000 on business start up. There will be a similar requirement for the Cumbernauld and Kilsyth area. We are therefore seeking approval of £20,000 funding for this project. Similar approaches are being made to Lanarkshire Development Agency and British Steel (Industry) Ltd. who are currently co-funders on Boost for Business Start-up. Both organisations currently contribute £10,000 per annum to the Motherwell District Council's Boost for Business Start Up. With EC funding this project would have an annual budget of £100,000. Over a 3 year period EC funding of £120,000 could be claimed.

It is proposed that L.E.A.F. would continue with a budget of £32,812 to cover the North Lanarkshire area. It will continue to have European funding for a further year.

A decision on E.R.D.F. funding for W.A.S.E. is awaited.

Financial Assistance to Existing Businesses

Business Loans

Table 3 displays three financial assistance schemes which it is proposed N.L.C. continue. Two of these schemes are currently offered on a Strathclyde basis but Boost for Business Growth would require to be expanded to include North Lanarkshire.

(Table 3)

Authority	Programme	Description	Existing Budget Total (approx)	Proposed Value of N.L.C. Council Contribution	Total N.L.C. Budget
S.B.D.	Strathclyde Business Loans	Provides loans of up to £30K	£134,000	£ 51,377	£378,154
S.B.D.	Capital Employment in APT (C.E.A.P.)	Provides loans/grants of up to £30K for companies in APT	£ 16,500	£ 4,000	£33,000
Motherwell	Boost for Business Growth	Provides unsecured loans of up to £5K in some cases a grant of £1K	£ 47,000	£100,000	£100,000
TOTAL			£197,500	£155,377	£511,154

European Funding

Strathclyde Business Loans and CEAP have all applied for European funding. The applications have been approved up to Commission level which has rejected the applications. The Commission have advised that loan funds should have private sector support and must operate on a Strathclyde level in order for them to be approved. The Scottish Office have appealed the decision and are awaiting advice from the DTI as to whether loans can be awarded based on European funding. The applications were made, and approved by Strathclyde European Partnership based on the guidelines at that time issued by the Commission. Since it's approval the Commission changed the guidelines and based on this the Scottish Office have appealed to the DTI. It is anticipated that by the end of January further information will be available on the situation. Discussions have already begun on the establishment of the West of Scotland loans company which would comply with EC regulations regarding the need to operate at a Strathclyde level. It is anticipated that each District Council will be asked to contribute to this loans company who would then make the application and receive the European funding. Each Council would then claim from the company the appropriate amounts eg if NLC awarded £200K to this company as part of an ERDF application which was successful, then NLC could claim £400,000K or as advised by Strathclyde European Partnership. The benefits of setting up a loan company such as this would be:-

1. Avoid duplication of applications. Only 1 application required for the West of Scotland.
2. More favourable to EC commission.
3. Easier to access funds for smaller schemes.

Further discussions are planned and any developments will be reported to the Economic Development Committee.

Advice and Information Services

As with existing authorities, it is proposed that North Lanarkshire Council continues to offer business advice to local companies. This would be carried out in conjunction with the range of programmes as listed in Table 1, 2 and 3. In order to identify what type of assistance the company requires, it will be necessary to do a company audit to identify areas of need and match them with suitable business development programmes. This advice may be offered through the local enterprise trusts or directly to the company or client.

There are a number of information services which are currently offered through the existing local authority structure which should be continued. These information services are listed in Table 4.

(Table 4)

Existing Authority	Programme Title	Description
S.B.D.	Business Information Database (BID)	Provides information on all business support measures.
S.B.D.	Business Opportunities Database (BOD)	Company database utilised for import distribution, contract opportunities, and trade development programmes.
S.B.D.	Property Information Network (PIN)	Database of available property to aid companies relocate, expand, rationalisation and growth.
S.B.D.	Information Services	Business information and market research service.
S.B.D.	Business Advisory Service	Professional advice to SMEs. Appraisal, monitoring and evaluation of loan and grant schemes.

It has been proposed that one local authority within Strathclyde would manage B.I.D. and other authorities would buy into the service. Discussions are still at an early stage and the cost of buying this service has not yet been indicated.

B.O.D. is to be broken down into the new U.L.A. areas, providing each Council with a list of local companies and their capabilities. The P.I.N or a similar system will be available through N.L.C.

The business advisory service and the information services are services which will be offered in conjunction with the local enterprise trust and the Lanarkshire Development Agency so as to avoid duplication. No cost implications for any of the services listed in Table 4 have yet been identified. A further report on these services will be presented to Committee.

Other Services

There are a number of other business development projects which have still to be considered. These include Skilled Job Training, Strathclyde Environmental Loan Fund and Urban Programme funded projects such as Skillstart and Safe Business project. In addition industrial marketing services, international trade and town centre initiatives will be the subject of separate reports.

Summary

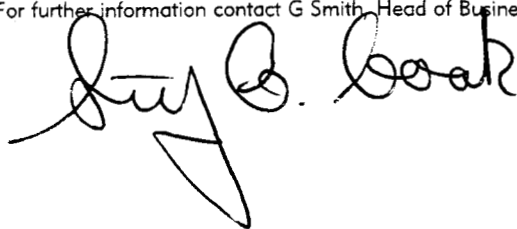
Table 5 below illustrates the total level of funding required for Business Development activities.

(Table 5)

Summary Description	Existing Budgets Total (Approx)	Proposed Value of N.L.C. Contribution	Total N.L.C. Budget
Training & Employment Initiatives by N.L.C.	£677,951	£551,328	£1,413,720
Financial Assistance for Start-up Businesses	£ 74,596	£ 46,362	£152,004
Financial Assistance for Existing Businesses	£197,500	£155,377	£511,154
TOTAL	£950,047	£753,067	£2,076,878

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- (i) The various business development projects as proposed are continued by N.L.C.
- (ii) That approval be given to S.B.D. to continue to operate the Employment Grant Scheme as normal from 1st January 1996, with payment liability falling on N.L.C. from 1st April.
- (iii) That approvals be given for the budgets as outlined with particular reference to the approval of an N.L.C. budget of £753,067.

For further information contact G Smith, Head of Business Development and Property.



APPENDIX 1

Proposed programme/services not to be continued under N.L.C.

Authority Name	Programme Title	Description	Budget	Reason for not continuing under NLC
Monklands	Industrial Improvement Areas	Provides a grant of 50% for environmental and property improvements up to the value of £10,000 maximum.	£80,000	Urban programme funding ceases 31/3/96.
Monklands	Interest Relief/Capital Grant/Loan	Assists company expansion, improvement; encourage inward investment; aid company recovery.	No spend	This service should be covered by the other loan and grant schemes proposed.
Monklands	Special Projects Grant Scheme	Grant of up to 50% of total costs for special projects up to a maximum of £30,000.	No spend	This service should be available through the other financial assistance schemes offered.
S.B.D.	Strathclyde Project Launch	Grant assistance to manufacturing companies to bring new products to the market.	No spend	Limited track record of success in North Lanarkshire area.