

## NORTH LANARKSHIRE COUNCIL

## REPORT

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: BUSINESS DEVELOPMENT PROGRAMMES
From: HEAD OF ECONOMIC DEVELOPMENT & PROPERTY		
Date: 1 MARCH 1996	Ref: GS/JM/REPORT.007	

**Introduction**

This report seeks to outline the main areas of business development activity which are currently operated by the existing local authorities and which will transfer to NLC with a disaggregated budget and where savings can most appropriately be met with a minimal effect on service.

The majority of these projects are represented on the Budget Analysis for 1996/97 produced by the Finance Dept. as 'Payments to Agencies and Other Bodies' to a value of £1,099k. This budget has been reduced by £220k which represents a 20% cut. Savings to the value of £182k have been identified in this report by suggesting that 10 projects are not continued, 62.5% cut in awards made to outside organisations, a 50% cut on International Trade and a 5% cut on all remaining budgets.

Below are a list of all those programmes inherited by NLC.

**Strathclyde Business Development****Employment Grant Scheme**

Grant (wage subsidy) to encourage employers to recruit unemployed, long-term unemployed and disabled unemployed. The value of the budget would lever total eligible expenditure of £449,370. This would provide approximately 280 grants (based on average cost). Funded through the European Social Fund.

**Management Technology Training Grant (MTTG)**

A European Social fund initiative providing grant of up to 80% of training fees for companies training their workforce in technological/management skills. The revised budget of £144,335 plus an additional £50,000 from the LDA would provide total eligible expenditure of £353,336 which would provide for approximately 107 grants (based on average cost).

**Youth Employment and Training Initiative (YETI)**

This scheme aims to increase the number of vocational traineeships available. Grants are offered to companies who are prepared to employ additional young persons (18-24) whilst they undergo on the job vocational training. Priority will be given to jobs which are shown to be filling a skills gap. The unit cost is £2,500 per year for a 2 year period. At reduced budget level this would provide for 25 trainees. Funded through the European Social Fund.

**Trade Development**

West of Scotland Sectoral Trade Development Partnership. A 50% cut in this budget can be afforded as many of the costs for the 1996/97 events have already been met by Strathclyde Business Development. This is a saving which can only be afforded for one year.

**Business Opportunities Database**

Company database utilised for import substitution, contract opportunities, and trade development programmes. Not identified as a priority measure. Therefore, a saving of £5,148 is offered.

**Property Information Network**

Database of available property to aid company relocation, expansion, rationalisation and growth. Not identified as a priority measure. Therefore, a saving of £1,642 is offered.

**Business Information Database**

A European funded initiative which provides information on all business support measures. Requires a "lead" authority arrangement on behalf of the ULA network. It is intended that NLC will contribute £4,700. If NLC would consider hosting the operation additional staffing would be achieved through ERDF at no extra cost.

**Strathclyde Product Launch**

Provides grant assistance to manufacturing companies to bring new products to the market. This project was initially established as a pilot project funded, it was intended, through SBD, ESF/ERDF, Urban Programme and LEC. The pilot ceased in 1995 and it is intended to apply for European funding for 1996/97. This therefore, amounts to a saving of £18,362.

**Scottish Co-operative Development Company**

Contribution to encourage and assist in the development of employee owned businesses. This contribution should be considered along with others under Contributions to Outside Organisations.

**Seed Capital**

Provides equity funding to new and existing businesses which have innovative products or processes. An application for European funding will be made later this year. Funded by contribution from Unitary Authorities and 5 LEC's. £12,263 requires to be "ring-fenced" if NLC agree to contribute.

**Brownfield Sites**

Saving of £3,103 offered.

**Local Enterprise Action Fund**

A European funded initiative providing a £1,000 grant for unemployed residents in areas of priority starting up in business. Managed by Enterprise Trusts who receive a 10% agency fee per grant. £16,406 would provide total expenditure of £32,812 equating to approximately 29 grants for new business start-up.

**Contingency for Joint Venture Projects**

This budget has provided financial assistance as follows;

Enterprise Trusts - £44,907

Women's Action for Start-up Enterprise - £4,500

Business Information Database - £3,820

Scottish Screen Locations - £22,500

TOTAL = 75,727

More information is available on this project under Contributions to Outside Organisations.

**New Enterprise Workshops**

No workshops situated in North Lanarkshire.

**Business Centres**

Saving of £6,476 offered.

**Business Loans**

Loan finance for new and existing companies, up to £30,000. Part of a package. Aims to ensure that viable projects do not fail through lack of finance, therefore, the scheme provides additional loans to businesses after funding has been secured from commercial lending agencies. There is no amount disaggregating for this project as it has been funded previously through capital. ERDF assisted.

**Monklands District Council****Start-up Grants**

Provides start-up grants for persons interested in starting their own business. This scheme will be covered by the Boost for Business Start-up Scheme which receives ERDF assistance.

**Employment Enhancement/Lift-off**

Both of these schemes provide funding for employment related training for unemployed residents of Monklands District. Employment Enhancement awards additional amounts through support from Employment Services for applicants who have been unemployed for a minimum of 6 months. Both these projects will be merged and continue to offer similar support across the District. It will be coordinated so that it runs in cooperation with the Generator Scheme which provides similar assistance in Motherwell District and is offered through Community Enterprise Motherwell.

## Motherwell District Council

### **Boost for Business Start-up**

Boost for Business Start-up provides grants to unemployed people starting up in business. The increase in £10,000 accounts for the additional geographical areas. This £20,000 will leverage a total budget of £61,450 which includes LDA, BS(I) Ltd., and ERDF assistance.

### **Boost for Business Growth**

This is a loan scheme for small businesses, offering loans of up to £5,000 and in some circumstances a grant of £1,000. The increase in value accounts for the new geographical areas to be included.

### **Promotions/Marketing**

This represents the budget for the marketing of North Lanarkshire area as a location for inward investors, marketing of property and business development projects to the local business community. The decrease in budget is to reflect the value of some business development projects which are currently paid from this budget. It is anticipated that additional money for marketing will be available from an allocation within the specific projects and for specific property developments as and when appropriate.

### **Marketing Assistance Programme**

This programme has been running for two years and has been funded through the promotions budget. The costs shown indicates 8 programmes running across the three areas. This compares with the 3 to 4 programmes which Motherwell District currently offers.

### **Women Mean Business/Womens Management Development Programme**

These programmes have both been run as pilot programmes in Motherwell District and have secured funding from Motherwell District Council and Lanarkshire Development Agency. It is intended that pilot programmes be continued in Monklands and Cumbernauld securing funding from the LDA. Based on the outcomes of evaluations, applications for more long term funding will be sought. It is necessary to carry out the pilots to show the benefits of the programmes.

### **Various Workshops/Seminars**

These workshops are held as and when required to inform local companies of new legislation, grants and loans assistance and on general business topics.

## Contributions to Outside Organisations

Monklands District Council, Motherwell District Council and Cumbernauld and Kilsyth District Council have contributions to Outside Organisations budgets to the total value of £170,000. In addition Strathclyde Business Development have a Contingency for Joint Ventures Programme (CJVP) budget of £113,490 with an additional amount of £23,052 allocated against the Scottish Cooperative Development Company now known as Employee Ownership Scotland. In total this represents a value of almost £304,000 paid out to outside organisations involved in the enterprise network.

Those outside organisations who regularly receive core funding include:-

- Motherwell Enterprise Trust
- Monklands Enterprise Trust
- Cumbernauld & Kilsyth Enterprise Trust
- Scottish Screen Locations
- WASE
- Motherwell District's "Shop Local" Campaign
- Community Enterprise in Strathclyde
- New Lanarkshire Ltd
- Employee Ownership Scotland

In addition Strathclyde Business Development (CJVP) budget is used to consider specific project proposals which involve a partnership approach to funding. The budget values attached illustrate a cut of £190,000 in support to these outside organisations with only £114,000 remaining in the budget. This represents a 62.5% cut in the budget. It is proposed that all of the above organisations who regularly receive core funding be notified that this budget has had substantial cuts and as a result no core funding will be awarded to any outside organisations. In its place it is proposed that the remaining funding of £114,000 be diverted from core to project funding. Outside organisations would then be asked to bid for this funding by submitting specific project proposals. The project proposals would be expected to include details of specific outputs to be achieved in North Lanarkshire. These outputs would be weighed against Council priorities and awards would be made to the most relevant projects. Outlined below are some of the possible effects of adopting this strategy.

**Positive Effects**

- In some cases it will avoid duplication of service e.g. Monklands Enterprise Trusts property service.
- Lead to more project specific proposals which are more accountable, easier to evaluate and can be selected on good value for money criteria.
- Negate the disparity between the level of funding awarded to each of the Enterprise Trusts.
- It provides a fairer approach by opening opportunities for a wide range of organisations to bid for the funding.

**Negative Effects**

- Substantial reduction in funding for outside organisation. It could have a knock-on effect on staffing and service levels in these organisations.
- May affect service at community level.
- May affect relationship between Council and funding recipient.
- May lead to the wind-up of some outside organisations.

**Recommendation**

That the budgets outlined in Appendix 1 are agreed and that a change from core to project funding for outside economic development organisations be agreed.

A handwritten signature in black ink, appearing to read 'G. Smith', written in a cursive style.

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

## Business Development Projects - Budget Analysis

Business Development Projects	A Disaggregated Value	B Proposed Budget Expenditure for 1996/97	C Budget with 5% cut & other cuts	D Value of proposed savings or required additional expenditure A - C
<b>Strathclyde Business Development</b>				
Employment Grant Scheme	£243,555	£260,162	£247,154	(£3,599)
Management Training Technology Grant	£191,234	£151,932	£144,335	£46,899
Youth Employment Training Initiative	£25,815	£36,234	£34,422	(£8,607)
Reciprocal Trade	£3,656	£0	£0	£3,656
Business Opportunities Database	£5,148	£0	£0	£5,148
International Trade	£110,793	£110,793	£55,253	£55,540
Property Information Network	£1,642	£0	£0	£1,642
Business Information Network	£880	£4,700	£4,465	(£3,585)
Strathclyde Product Launch	£18,362	£0	£0	£18,362
Scottish Co-operative Development Company	£23,052	£0	£0	£23,052
Seed Capital	£8,375	£22,145	£21,038	(£12,663)
Brownfield Sites	£3,103	£0	£0	£3,103
Local Enterprise Action Fund	£10,258	£16,406	£15,586	(£5,328)
Contingency for Joint Ventures Programme	£113,490	£120,000	£114,000	(£510)
New Enterprise Workshops	£0	£0	£0	£0
Business Centres	£6,476	£0	£0	£6,476
Strathclyde Business Loans	£0	£51,377	£48,808	(£48,808)
<b>Sub-Total</b>	<b>£765,839</b>	<b>£773,749</b>	<b>£685,061</b>	<b>£80,778</b>
<b>Monklands District Council</b>				
Contributions to Outside Organisations	£107,000	£0	£0	£107,000
Start-Up Grants	£30,000	£0	£0	£30,000
Employment Enhancement	£6,000	£0	£0	£6,000
Lift-Off	£10,000	£16,000	£15,200	(£5,200)
<b>Sub-Total</b>	<b>£153,000</b>	<b>£16,000</b>	<b>£15,200</b>	<b>£137,800</b>
<b>Motherwell District Council</b>				
Boost for Business Start-Up	£10,000	£20,000	£19,000	(£9,000)
Boost for Business Growth	£48,310	£100,000	£80,000	(£31,690)
Contributions to Outside Organisations	£48,120	£0	£0	£48,120
Promotions	£127,120	£100,000	£95,000	£32,120
Marketing Assistance Programme	£0	£48,000	£45,600	(£45,600)
Women Mean Business	£0	£20,000	£19,000	(£19,000)
Women's Management Development Programme	£0	£20,000	£19,000	(£19,000)
Various Workshops/Seminars	£0	£7,000	£6,650	(£6,650)
<b>Sub-Total</b>	<b>£233,550</b>	<b>£315,000</b>	<b>£284,250</b>	<b>(£50,700)</b>
<b>Cumbernauld &amp; Kilsyth District Council</b>				
Contributions to Outside Organisations	£15,000	£0	£0	£15,000
<b>Sub-Total</b>	<b>£15,000</b>	<b>£0</b>	<b>£0</b>	<b>£15,000</b>
<b>Total</b>	<b>£1,167,389</b>	<b>£1,104,749</b>	<b>£984,511</b>	<b>£182,878</b>