

NORTH LANARKSHIRE COUNCIL

REPORT

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: NORTH LANARKSHIRE COUNCIL LOCAL ENTERPRISE ACTION FUND 1996
From: DIRECTOR OF PLANNING AND DEVELOPMENT		
Date: 15 April 1996	Ref: JT/LT/REP.0.20	

INTRODUCTION

The Economic Development Committee, at a meeting held on 11 January 1996, approved a report by the Director of Planning and Development which identified the various forms of business development support available within the North Lanarkshire Council area.

This further report relates to the future delivery of one of these business support measures, the Local Enterprise Action Fund (LEAF), and seeks to advise the Committee of the nature and impact of the LEAF programme. The report recommends that the Committee approve the operational terms and conditions of the scheme and, that North Lanarkshire Council acts as lead authority for the scheme during 1996/97.

THE LOCAL ENTERPRISE ACTION FUND (LEAF)

The LEAF scheme offers a grant of £1,000 to assist unemployed people within North Lanarkshire in setting up in business. Applicants should reside in designated Areas of Priority Treatment and must be aged between 18 and 65 years; and be unemployed and registered or available to work.

The grant may be used to purchase anything in connection with the running of the business, such as stock, equipment, insurance, purchase or rental of premises. However, it cannot be used for wages.

The Committee will recognise that residents of priority treatment areas (APT's) have demonstrated a level of business start-up well below the average for the West of Scotland, which in turn lags behind the UK average. By targeting the grant, LEAF will help increase the contribution which disadvantaged areas make to economic growth in North Lanarkshire and in Scotland. The scheme promotes good business practice by encouraging applicants to undertake a recognised form of training and approach local agencies for advice and support.

MANAGEMENT AND ADMINISTRATION

LEAF will be administered, on behalf of North Lanarkshire Council, by the Enterprise Trusts. The Enterprise Trusts are required to complete a letter of agreement which sets out the terms and conditions of the LEAF scheme (Appendix 1). By agreeing to act as North Lanarkshire Councils local agent the Enterprise Trust will be paid a management fee of 10% of grants disbursed.

Enterprise Trusts have operated as agents of Strathclyde Regional Council since the inception of the scheme. The core business activity of Trusts is in assisting in the establishment of new firm foundation and the LEAF grant assists them in achieving this. The letter of undertaking is required as North Lanarkshire Council is identified as the "responsible authority" in the application for funding obtained from the European Regional Development Fund.

The Economic Development Unit will continually monitor the scheme through the receipt of performance indicator reports, summary reports and monitoring reports on each active LEAF client. Appendix 2 details the administrative procedures required in administering the scheme.

Progress reports will be submitted to the Economic Development Committee on a quarterly basis.

NORTH LANARKSHIRE COUNCIL AS LEAD AUTHORITY

In order that, during the transitional year of local government reorganisation, funding can be obtained for the scheme through the European Regional Development Fund, the Committee are asked to agree that North Lanarkshire Council act as the lead authority in connection with LEAF. In agreement to become the lead authority North Lanarkshire Council will require to submit, on behalf of all participating Unitary Authorities within the West of Scotland Programme Area, an ERDF application and be responsible for the submission of quarterly claims and monitoring forms.

BUDGET ALLOCATION AND TARGETS

LEAF has obtained match funding through the Strathclyde European Partnership from the European Regional Development Fund (ERDF). Public sector funding is matched 50/50 by the ERDF.

A revised budget of £15,586 has been allocated to the LEAF scheme, which would provide total eligible expenditure of £31,172. This would assist in the creation of 28 new business start-ups within North Lanarkshire.

RECOMMENDATIONS

It is recommended that the committee:

- (i) approve gross expenditure of £15,586 on the LEAF scheme;
- (ii) approve the proposed administrative arrangements detailed in the report;
- (iii) note that progress reports will be submitted to Committee on a quarterly basis;
- (iv) approve the proposal that North Lanarkshire Council act as lead authority for the LEAF scheme for 1996/97.

A handwritten signature in black ink, appearing to read 'Gordon Smith', with a horizontal line underneath the name.

Gordon Smith
Head of Business Development & Property

For further information contact Maureen McConnachie, Economic Development Unit Manager.

Our Ref : LEAF/CON
 Your Ref :
 Date :
 Tel :
 Contact :

<CONTACT>
 <TITLE>
 <AGENCY>
 <ADDRESS1>
 <ADDRESS2>
 <ADDRESS3>
 <TOWN> <PCODE>

Dear <SALUTATION>,

**NORTH LANARKSHIRE COUNCIL
 LOCAL ENTERPRISE ACTION FUND (LEAF) - LETTER OF AGREEMENT**

The objective of LEAF is to stimulate enterprise among unemployed people by making available individual grants of £1,000 for business start up. The maximum grant per business will be £2,000.

<AREA> area has been retained as an initiative area for the scheme and is invited to act as the Council's local agent.

Subject to your agreement to the undernoted terms and conditions, North Lanarkshire Council will :

- ♦ set aside £ in the year commencing April 1996, to be dispensed in the form of grants to successful applicants in each pilot area;
- ♦ pay to the agent a management fee of 10% of grants disbursed

Payments by the Council will be made six-monthly in arrears upon presentation of a written claim by the agent.

Management fee will be paid, only on receipt of required monitoring literature.

We have been advised that the European Regional Development Fund will only fund the LEAF scheme if we comply with the terms & conditions noted in clause 1, detailing the eligibility of applicants. Particular reference has been made to clause 1, no 5).

Please note the emphasis placed on additionality (Clause 1.1), and on standard monitoring and reporting (Clause 3e, 3f and 3g). Adherence to these conditions in particular will have a significant influence upon the future level of activity in your area and the payment of any claims made to North Lanarkshire Council under the scheme.

LEAFCON

TERMS AND CONDITIONS

1. Eligibility of Applicants

The agent will verify that the applicant satisfies the undernoted criteria : -

1. Unable to progress the business proposal without the grant.
2. Aged between 18 and 65.
3. Unemployed and registered or available for work.
4. Resident in the designated initiative area.
5. The type of business activity proposed is eligible for public support by reference to the eligibility criteria of the Government's Loan Guarantee Scheme.

Please note the new priority activity to criteria 1. Due to high demand for the scheme it is essential that an assessment of need is conducted by the agent.

2. Appraisal of Applications

The agent will supervise the progressive stages of the application process : -

1. Initial appraisal of written applications.
2. Interview selected applicants.
3. Offer of grant conditional upon :
 - a) the satisfactory completion of an approved enterprise training programme of a minimum seven weeks duration (this may take the form of a Scottish Enterprise sponsored Business Enterprise Programme through an approved training agent);
 - b) a practical business plan presentation;
 - c) evidence that the grant offer has been used to lever additional business start-up funding;
 - d) the grant being lodged in a business account to which the agent is a co-signatory (the agent may withdraw from the account once fully satisfied that the grant has been properly used).

3. Monitoring and Administration

The agent will perform the following minimum role : -

- a) release the grant payment at the appropriate time;
- b) co-sign cheques released by the client up to the first £1,000 of expenditure;
- c) submit claims for reimbursement to the North Lanarkshire Council on a six-monthly basis;
- d) provide follow-up business support;
- e) provide quarterly reports of the performance indicators attached to this agreement;
- f) provide six monthly monitoring reports on each active LEAF client, using the standard form attached;
- g) provide a quarterly summary report, using the standard form attached, listing every LEAF client since the commencement of the scheme; the date of award; the total financing package; the nature of the business; active or inactive; jobs currently supported.

Please note, adherence to conditions e) to g) will affect the payment towards claims made by the agency.

4. Promotion of Scheme

- a) The agent will be responsible for promoting and marketing the scheme;
- b) The scheme should promote where possible the opportunities presented by the European Single Act;
- c) The text of all written material, public relations exercises, and paid advertising relating to the scheme must :
 - i) acknowledge that the scheme is funded by North Lanarkshire Council and the European Commission;
 - ii) incorporate where appropriate the logos of North Lanarkshire Council, the European Commission and Strathclyde European Partnership;
 - iii) be presented to the Planning & Development Department, North Lanarkshire Council for prior approval.

5. Business Which Cease Trading

Should an applicant cease trading within 6 months of accepting the offer of LEAF grant funding and in the absence of an appropriate or an acceptable reason for the closure of the business, an effort should be made, by the administering agency, to reclaim the grant awarded in part or in full. It is recommended that this condition be pointed out to the applicant, verbally or in a written contract between the applicant & the administering agency.

If you are in agreement with the above noted terms and conditions, please sign both copies of this letter and return one copy to:

Economic Development Unit
Planning and Development Department
North Lanarkshire Council
Fleming House
Cumbernauld
G67 1JW

Yours sincerely

GORDON SMITH
HEAD OF BUSINESS DEVELOPMENT & PROPERTY

Signed on behalf of :

Date :

**NORTH LANARKSHIRE COUNCIL
PERFORMANCE INDICATORS
LOCAL ENTERPRISE ACTION FUND (LEAF)**

DEVELOPMENT COMPANY:

PERIOD:

<u>EFFICIENCY INDICATORS</u>	<u>THIS PERIOD</u>	<u>SAME PERIOD L/Y</u>	<u>VARIANCE</u>	<u>PREVIOUS QUARTER</u>	<u>PERIOD TO DATE</u>
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1 No of Applications Received

2 No of Applications Approved

3 % of Applications Approved

Average time from Application (days)
to notification of decision

5 Average time from decision to
Cheque release/Account opened

6 No of visits made to Clients
(monitoring/aftercare)

7 Analysis of clients:

- Average No months Unemployed
- Average Age

8 Analysis of Businesses:

- Manufacturing
- Service
- Distribution
- Others (specify below)

Additional jobs created

EFFECTIVENESS INDICATORS

9 % of businesses trading for
minimum of 12 months
(get this from same period
last years clients)

BUDGETARY INDICATORS

Annual Budget	£
Allocated at Present	£
Remaining in Budget	_____

NORTH LANARKSHIRE COUNCIL
LOCAL ENTERPRISE ACTION FUND
MONITORING REPORT

Local Enterprise Trust :

Client:

Address:

Date of Grant : Amount Received:

Nature of Business: No. of Jobs:

Name & Address of Accountant:

Name & Address of Bank:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Sales Turnover	£	£	£
Cost of Sales	£	£	£
Overhead Costs	£	£	£
<u>Drawings</u>			
Self	£	£	£
Partner(s) if any	£	£	£
<u>Cash Position</u>			
Bank Reconciliation (Company Account)	£	£	£
Overdraft (if any) Position	£		

Future Position:

Any other Comments:

Interviewer's Signature: Date:

Client's Signature: Date:

LOCAL ENTERPRISE ACTION FUND**PROCEDURE FLOWCHART**

1

CONTRACT SENT TO EACH AGENT AT ENTERPRISE TRUSTS

2

COPY OF CONTRACT SIGNED BY ENT. TRUST & RETURNED TO NORTH LANARKSHIRE COUNCIL

3

APPLICANT SENDS BUSINESS PLAN TO ENT. TRUST TO REVIEW

4

APPLICANT APPROVED

5

APPLICANT REFUSED

6

ENT. TRUST ISSUES GRANT TO CLIENT

7

ENT. TRUST SENDS INVOICE TO NLC

8

NLC PAYS INVOICE FROM ENT. TRUSTS ON RECEIPT OF CLIENT DETAILS

9

ENT. TRUSTS PROVIDE QUARTERLY SUMMARY SHEETS WITH INVOICE FOR MGT FEE & PERFORMANCE INDICATORS

11

P.I ARE RECORDED ON LOTUS 123

10

NLC PAYS MGT FEE ONLY IF SUMMARY SHEETS & ANY P.I. REQUIRED ARE PROVIDED

12

INFO FROM SUMMARY SHEETS IS RECORDED ON ACCESS DATABASE

13

MONITORING REPORTS RECEIVED BY ENT. TRUSTS TO CHECK INFO ON CLIENTS PROGRESS

14

BUDGET REPORT COMPLETED

- BOX 1 & 2** At beginning of financial year Enterprise Trusts who administer LEAF are issued with a contract detailing their budget allocation, conditions and criteria in which grants are to be awarded. A copy of this contract is signed on agreement by Enterprise Trust and returned to NLC, Planning & Development Department.
- BOX 3** Agents at Enterprise Trusts will allocate grants, monitor the progress of each business and report to NLC on clients status e.g. Active/Inactive.
- BOX 4&5** Enterprise Trusts will look at Business Plans & Cash Flow Forecasts to decide whether grant should be approved or refused.
- BOX 6** Enterprise Trusts should send letter of offer to client with conditions of grant - this should be signed & copy returned to Enterprise Trust. Enterprise Trust will issue grant to client.
- BOX 7** Enterprise Trusts will send invoice * to NLC with with details (name, address and bus. type) of client(s) - showing total amount of grant(s) issued.
- BOX 8** NLC will pay Enterprise Trusts on receipt of client details.
- BOX 9** Enterprise Trusts should provide quarterly Summary Sheets which show all details of clients to date. Also Performance Indicators are provided on a quarterly basis to monitor progress of the scheme. Invoice is also sent by Enterprise Trusts for management fee (10% of grants awarded) on grants previously invoiced*.
- BOX 10** Only pay mgt fee if required information is provided.
- BOX 11** P.I's are recorded on Lotus 123 (sheet for each Ent. Trust & end sheet with totals).
- BOX 12** Info from Summary Sheets is recorded onto a database set up in Microsoft Access.
- BOX 13** Each client should be monitored every 6 months until 2 years after grant award date. Adviser at Enterprise Trust will complete a monitoring form and submit this to NLC.
- BOX 14** Budget reports are completed at the end of each ledger period, to show current financial position of LEAF spending. This is signed by the Senior Economic Development Officer.

LOCAL ENTERPRISE ACTION FUND (LEAF)**CHECKLIST FOR ELIGIBILITY**

	YES	NO
IS APPLICANT UNEMPLOYED?	<input type="checkbox"/>	<input type="checkbox"/>
AGED BETWEEN 18 - 65	<input type="checkbox"/>	<input type="checkbox"/>
UNABLE TO PROGRESS BUSINESS PROPOSAL WITHOUT THE GRANT	<input type="checkbox"/>	<input type="checkbox"/>
RESIDENT IN A DESIGNATED INITIATIVE AREA	<input type="checkbox"/>	<input type="checkbox"/>
THE TYPE OF BUSINESS PROPOSED IS ELIGIBLE FOR SUPPORT BY REFERENCE TO THE GOVERNMENTS LOAN GUARANTEE SCHEME	<input type="checkbox"/>	<input type="checkbox"/>

GRANTS WILL NOT BE AWARDED TO RETAIL OR LEISURE BUSINESSES

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- BOX 14** Budget reports are completed at the end of each ledger period, to show current financial position of LEAF spending. This is usually signed by the Senior Adviser & Assistant Director and passed to the Admin Section.

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