

<b>To: ECONOMIC DEVELOPMENT COMMITTEE</b>		<b>Subject:</b>  <b>NORTH LANARKSHIRE COUNCIL BUSINESS LOANS FUND - CAPITAL AND EMPLOYMENT IN AREAS OF PRIORITY (CEAP) 1996</b>
<b>From: DIRECTOR OF PLANNING AND DEVELOPMENT</b>		
Date: 28 May 1996	Ref: EB/LT/REP.0.38	

## PURPOSE

The purpose of this report is to seek committee approval to operate the Capital and Employment in Areas of Priority scheme within the existing North Lanarkshire Council Business Loans Fund.

## OBJECTIVES OF SCHEME

The above scheme was launched by Strathclyde Business Development in October 1994 to create a loan and grant fund to target resources at APT's to:

- increase the number of businesses in APT's
- support existing businesses in APT's wishing to expand and recruit more labour
- promote the recruitment and training of long term unemployed persons resident in these areas.

It is hoped that by targeting resources in this way that it will improve the business birth rate and survival rate of SME's in APT's as well as providing an important financial lever for businesses to recruit and train people who are long term unemployed.

The scheme proved successful for the period until reorganisation with 100% take up of available funding and demand exceeding availability. Funding was sourced from Urban Programme (which runs to 1998 and ERDF matching funding).

The fund aims to act as 'gap finance' to ensure that good commercial proposals do not fail as a result of the lack of private sector finance.

## Criteria of Fund

1. Loan/grants are available to businesses up to £30,000 with any award being subject to £5,000 for every long term unemployed person being recruited.
2. The maximum grant award is £15,000 and in all cases will be subject to the financial position of the applicant SME. In no case shall the grant element exceed the loan element of the assistance.
3. In addition to this, more importantly, all awards will be subject to providing evidence that recruitment of a long term unemployed person has been complied with.

4. By undertaking a rigorous investment appraisal process economic development officers must satisfy themselves that each successful application demonstrates clear evidence of commercial viability.

5. Applications from companies within the manufacturing sector will be considered the priority sectoral target, although applications will be considered for other business sectors (excluding retail) where there will be significant job creation available to residents of APT areas.

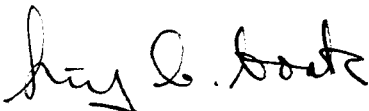
#### CEAP Appraisal, Approval and Management System

The main features of the appraisal and management system are as for North Lanarkshire Loans Fund, - the rate of interest paid on the loan is bank base rate and the grant is paid in arrears following the employment of eligible recruits. The initial funding allocation for the year 1996/97 is £30,000 which will lever funding from ERDF.

#### RECOMMENDATIONS

That the Committee note the contents of this report and:

1. Agree that companies fulfilling the eligibility criteria be considered for the CEAP fund from within the North Lanarkshire Business Loans Scheme.



S Cook  
Director of Planning and Development

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