

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: NORTH LANARKSHIRE COUNCIL BUSINESS LOANS FUND - ENVIRONMENTAL LOANS SCHEME (ELF) 1996
From: DIRECTOR OF PLANNING AND DEVELOPMENT		
Date: 28 May 1996	Ref: EB/LT/REP.0.37	

PURPOSE

The purpose of this report is to seek committee approval to proposals for the incorporation into North Lanarkshire Council Business Loans Fund (NLBLF) which was the subject of Committee Report Ref: EB/LT/REP.0.22, and approved by the Economic Development Committee 2 May 1996, of an Environmental Loans Fund (ELF) which can be given at the discretion of the Council when the project for which the business seeks funding includes any of the following objectives:

1. To improve access to capital to companies to allow them to expand and undertake activities which will have a beneficial impact upon the environment eg by implementing the recommendations of energy efficiency studies or environmental audits.
2. To encourage the formation of new SME's which will be engaged in activities which will have positive benefits to the environment eg waste minimisation, recycling and land remediation.
3. Increasing the technological base and levels of innovation within North Lanarkshire economy by investing in SME's which are adopting innovative environmentally friendly technology and/or developing processes which will impact positively upon the environment.

This scheme was operated previously within the Strathclyde Business Loans Fund as the Strathclyde Environmental Loans Fund to provide loan finance in amounts up to £30,000, at half the interest rate applied to Business Loans ie half of bank base rate plus 2%, to businesses which are involved in the development of new products, processes or activities which leads to environmental benefit.

Criteria

1. In all instances ELF will only act as a gap provider and will not be the sole funder of any project. Before companies can made a successful application to ELF they must demonstrate that they have accessed or attempted to access all other available sources of finance. Thus ensuring additionality in the use of ELF resources.
2. By undertaking a rigorous investment appraisal process NLBLF personnel must satisfy themselves that each successful application demonstrates clear evidence of commercial viability.
3. Each successful applicant must demonstrate significant employment protection or creation potential.

4. By reference to the business plan and supported, where appropriate, by energy efficiency studies or environmental audits all applications must clearly demonstrate that the proposals will have a beneficial impact upon the environment.
5. Applications from companies within the manufacturing sector will be considered the priority sectoral target, although applications will be considered for businesses providing direct service to the manufacturing sector.

ELF Appraisal, Approval and Management System

The main features of the appraisal and management system are as for North Lanarkshire Business Loans Fund with the addition that the company demonstrates the environmental benefit, and that the rate of interest paid on the loan is one half of base plus 2%.

RECOMMENDATIONS

That the Committee note the contents of this report and:

1. Agree that consideration be given to companies applying for financial assistance under the North Lanarkshire Business Loans Fund, be eligible for the Environmental Loan Fund (at the lower interest rate) if they satisfy the Council that meet the criteria set out above.



S Cook
Director of Planning and Development

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