

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: REVIEW OF SMALL BUSINESS SUPPORT IN LANARKSHIRE - FINAL REPORT
From: DIRECTOR OF PLANNING & DEVELOPMENT		
Date: 23rd April 1998	Ref: MMcC/JG/REP400	

## 1 Purpose of Report

- 1.1 The purpose of this report is to inform elected members of the actions taken following the review of business support in Lanarkshire which was conducted in partnership between North and South Lanarkshire Councils and the Lanarkshire Development Agency. The review was undertaken by Segal Quince Wickstead, Economic Development Consultants. This report outlines the implementation activities concentrating on the mechanism used for Enterprise Trust funding which was conducted as part of the SME review and seeks approval for the level of funding to be awarded to each of the Enterprise Trusts.

## 2 Introduction

- 2.1 Members may recall an earlier report on 6th of January 1997 on this matter to the Economic Development Committee outlining the need to conduct a review of business support in Lanarkshire and seeking approval for a Council contribution of £10,000 towards the consultants report. A further report, dated 27th November, outlined the action points identified within the consultants report and detailed an action plan for implementation of these action points which was to be completed before 1st April 1998.
- 2.2 Following completion of the review representatives from North and South Lanarkshire Councils and the Lanarkshire Development Agency formed a Steering Group and agreed an action plan to be taken forward to implement the recommendations of the review. The following areas were identified as action points:-
- (a) the need to agree a remit for the role of Enterprise Trusts and specify core business activities
  - (b) the need to reach clear understanding on the roles of the Enterprise Trusts in the context of strategic development currently taking place in Lanarkshire through Changing Gear and the Councils' corporate strategies.
  - (c) production of a single document which would outline targets for each of the Enterprise Trusts to be delivered on behalf of the Lanarkshire Development Agency and the Local Authorities
  - (d) EU funding - A method of operation has to be found which will result in a higher degree of equality of European funding being achieved across the 7 Enterprise Trusts within Lanarkshire

- (e) Standard strategic review - Clarification is required on what issues should be addressed in a standard strategic review of any business within Lanarkshire. This review is conducted by the Enterprise Trusts on behalf of the Lanarkshire Development Agency to assess the appropriate level of businesses support to meet the clients' needs. This should be linked to the quality of the review and the timescale for companies to achieve the review process.
- (f) Funding mechanisms - Further consideration is required on the most appropriate methodology for funding Enterprise Trust activity in the future.

### 3 Implementation

3.1 In order to implement these action points two groups have been set up by the funders:-

- (i) The Policy Group which is comprised of representatives from North and South Lanarkshire Council and the Lanarkshire Development Agency and the Chief Executives of the 7 Lanarkshire Trusts. This group exists to ensure a strategic approach to business development support in Lanarkshire and seeks to set the policy guidelines for the implementation of this approach.
- (ii) A European Group has been set up made up, comprising of representatives from North and South Lanarkshire Council and the Lanarkshire Development Agency (at European Officer level) and the relevant representative from each of the Enterprise Trusts. The purpose of this Group is to ensure that the applications for European funding are set within a strategic context to deliver a higher degree of equality of European funding being achieved across the 7 Enterprise Trusts.

These Groups have been meeting on a regular basis to implement the action points in accordance with their specific remit. In respect of the action points detailed in paragraph 2.2 progress has been made as follows:-

- (a) A clearly defined remit for the Enterprise Trusts specifying core business activities were given to each Enterprise Trust as part of the guidance notes for the bid process.
- (b) Detailed information on strategic context on which the Entries Trusts should operate was given to the Enterprise Trust as part of the guidance notes issued as part of the Bid process.
- (c) A single document outlining targets for individual programmes has been issued to each of the Enterprise Trusts as part of the contractual negotiations undertaken in the bid process.
- (d) The formation of the European Group will address this action point in the longer term. In the short term it has proved difficult to produce a single Lanarkshire wide bid for programme delivery however this is something that will occur in the future.
- (e) A detailed outline of a standard strategic review has been discussed with the Enterprise Trust Chief Executives by the Lanarkshire Development Agency.
- (f) The bid process has addressed the most appropriate method for funding Enterprise Trust activity in the future as outlined below.

## 4 Enterprise Trust Funding

4.1.1 The funders have taken cognisance of comments of the consultants contained within the review to define a clear remit for the Enterprise Trusts and agreed the primary functions as follows:-

- to encourage and develop start-up businesses
- to support small business development (companies below 25 employees and others by prior agreement)
- to develop and deliver small business training programmes
- training (for certain categories) of the unemployed

4.1.2 These core functions will involve the Enterprise Trusts in the following activities:-

- Providing business information - primarily through the Business Shop contract
- Hands on business development assistance including providing companies with access to development programmes, strategic advice, specialised training advice (ie IT, Quality etc), development through staff placement programmes and shared cost consultancy schemes.
- Training to individuals and companies - in terms of up-grading existing skills, assisting in the application of new technology or management systems etc
- Supporting the local business infrastructure and networking systems ie town centre forums, local business groups/ Chamber of Commerce etc
- Advice on access to funding from banks, public agencies etc

4.2 In order that the Enterprise Trusts could be funded to deliver the services relating to the core functions a bidding process was adopted which asked each of the Enterprise Trusts to prepare a business plan outlining the strategic intent of the Trust that will underpin its activities for the next 3 years. The business plan should contain a detailed plan for the first year outlining key projects and including specified outputs which the Trust believed it would deliver within the defined financial framework. Prior to the bid process being undertaken detailed guidance notes outlining a financial framework, strategic context and priorities of the funders was issued to each of the Enterprise Trusts.

Having considered the guidance notes the Trusts were asked to submit their business plan for consideration by the funders by mid-January 1998. During February detailed discussions took place between the funders to establish criterion for assessment to ensure a common approach is adopted across North Lanarkshire. Both North and South Lanarkshire Council spent considerable time discussing their joint programmes eg Employment Grant Scheme, Management Technology Training Grant, YETI, Youth Employment Training Initiative to ensure that a Lanarkshire wide approach is being adopted to the delivery of these programmes.

4.3 The outcome of these detailed discussions was an agreed method of funding for the Enterprise Trusts in line with targets set by the Trusts and funders as part of the process. As this was the first year of this approach there have been a number of difficulties in assessing the bid documents but the process has now been reviewed and it is envisaged that the process, when repeated for 1998/99, will operate more efficiently. The proposed funding for each of the Enterprise Trusts is outlined at Appendix 1 to this report which details on a programme by programme basis the amount of money the Trusts will be paid if they reach their agreed target for the delivery of each programme. A provision for a further 10% of funding is available if Trusts exceed the targets on any of the programmes.

## 5. Monitoring and Evaluation

A robust monitoring and evaluation system is currently being considered by the funding partners which will ask the Enterprise Trusts to report their progress on programmes against targets set on a quarterly basis.

## 6. Conclusion

The review of small business support in Lanarkshire has addressed some fundamental concerns that the funding organisations of North and South Lanarkshire Council and the Lanarkshire Development Agency had over the extent and quality of support to small businesses within the area. While in general the review by Segal Quince Wickstead was very positive and pointed to genuine partnership working within Lanarkshire and high quality services being delivered, a number of issues raised required attention. The funding partners have sought to create a methodology for funding the Enterprise Trusts which will result in efficient and effective delivery of services to small business in line with requirements of Best Value. In general, it is felt that the Enterprise Trusts welcome the approach being adopted for the future.

## 7. Recommendation

Committee is asked to note the contents of this report and approve the level of funding to be awarded to the Enterprise Trusts up to a maximum of:-

Motherwell Enterprise Development Company	-	£32,006
Monklands Enterprise Development Company	-	£16,560
Cumbernauld Area Enterprise	-	£20,676



 Stanley C Cook  
Director of Planning and Development

For further information contact Maureen McConachie, Economic Development Manager, telephone 01236 6266.

1st April 1998

## 1998/99 Bid Proforma

## SUMMARY TABLE

Programme	Motherwell Enterprise Development Company	Monklands Enterprise	Cumbernauld Area Enterprise	Total Programme Cost
Employment Grants Scheme	4,400	5,000	2,400	11,800
Management Technology Training Grant (MTTG)	11,000	600	1,800	13,400
Boost for Business Start-up	7,700	5,000	7,000	19,700
Business Loans	2,800	2,000	4,000	8,800
Marketing Assistance Programme	399	285	399	1,083
Women's Management Development Programme	399	285	399	1,083
Women Mean Business Programme	399	285	399	1,083
Small Business Support Scheme (SBSS)	2,000	1,600	2,400	6,000
<b>TOTAL FUNDING</b>	<b>29,097</b>	<b>15,055</b>	<b>18,797</b>	<b>62,949</b>
<b>PLUS 10%</b>	<b>32,006</b>	<b>16,560</b>	<b>20,676</b>	<b>69,242</b>