

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: BUSINESS LOANS FUNDS JOB CREATION/SAFEGUARDING
From: DIRECTOR OF PLANNING & ENVIRONMENT		
Date: 20 April 2000	Ref: EB/REP672	

1 Purpose of Report

- 1.1 The purpose of this report is to inform Committee of an evaluation of jobs created and safeguarded as a result of the provision of Business Loan assistance during 1998/1999. This report is submitted following a specific request from a Member of the Committee at the Committee meeting of 9th March 2000.

2 Sustainability

- 2.1 This programme meets the sustainable development policy adopted by the Council through Local Agenda 21 by addressing elements of Section 3 "Economy and Work". In particular the scheme addresses the following areas:

- increasing employment opportunities for local people
- helping local and community businesses to set up and grow

3 Background

- 3.1 The principal activity of the Loans Fund is to provide loan finance of up to £30,000 to small, medium sized enterprises, either start-up or existing, who have good commercial proposals but who have difficulty raising finance from conventional private sector sources.
- 3.2 The loans are offered through two programmes: the Business Loans Scheme in conjunction with the West of Scotland Loans Fund which receives support from the European Regional Development Fund through the Strathclyde European Partnership. In addition, the Small Business Support Scheme provides financial assistance of up to £5,000 to companies who would not normally qualify for assistance under the West of Scotland Loans Fund.
- 3.3 As committee is aware each quarterly report giving details of funding approved indicates the number of jobs safeguarded and the anticipated number of jobs to be created as a result of the project funding.
- 3.4 Each of the businesses assisted through the loans fund is monitored regularly throughout the period of the loan repayment. As part of this monitoring process the actual number of jobs created and those safeguarded are recorded and compared against the numbers projected through the companies business plan at the time of the investment.

4 Performance

4.1 The following table indicates the total number of jobs currently in those businesses awarded loan finance during 1998/99.

4.2

Company Type	Loan Amount	<u>Projected</u>		Total Employment	<u>Actual</u>	
		Jobs Safeguarded	Jobs Created		Actual Current Employment	Variance
Gear Manufacturing	£30,000	0	45	45	52	+7
Manufacturing Disabled Aids	£10,000	4	0	4	14	+10
Tooling	£5,000	0	2	2	2	-
Engineering	£30,000	17	11	28	23	-5
Manufacture Recycled Material	£30,000	19	16	35	40	+5
Manufacture Office Supplies	£30,000	11	10	21	20	-1
Engineering	£10,000	12	6	18	14	-4
Precision Engineering	£15,000	9	0	9	3	-6
Print Finisher	£15,000	2	4	6	7	+1
Printing Design	£10,000	2	2	4	7	+3
Engineering	£15,000	2	4	6	2	-4
Manufacture Stairs	£10,000	0	6	6	6	-
Label Printers	£13,600	20	3	23	20	-3
Waste Recycled	£15,000	0	10	10	4	-6
Logistics	£4,000	0	4	4	5	+1
Total	<u>£242,600</u>	<u>98</u>	<u>123</u>	<u>221</u>	<u>219</u>	

4.3 In addition to the above businesses 6 companies who were awarded funding during the period have since ceased trading. The total jobs lost as a result of these liquidations was 77. To date we have no final figure as to how many persons have regained employment. The workforce of two companies secured jobs through subsequent phoenix companies - a total of 28 jobs. In addition we have offered assistance through the Redundancy Support Programme to two of these companies who are currently winding up their business. Of the final two companies one has relocated within the last few months to Glasgow and has now gone into liquidation. The final company ceased trading following the non-renewal of major contracts with the loss of 19 jobs.

5 Conclusion

5.1 The above figures show that of the companies awarded funding and still trading seven have achieved or exceeded their projected targets. Seven have increased their overall numbers employed but have yet to reach their target of jobs created. In one instance there has been a reduction in numbers employed at the time of the disbursement of the funding. This was as a direct result of the downturn in the oil industry.

However, it must be stressed that these are the figures achieved one year following receipt of loan funding and in all cases the projected growth within companies covers a 2 to 3 year period. These companies have a regular relationship with the Business Services team and their progress is monitored over the period of the repayment of the loan.

6 Recommendation

Committee is asked to note the contents of this report.



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Director of Planning and Environment

Date of Report: 13 March 2000

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