

Business Gateway: Delivery of Start Up Finance Scotland Loan Funding Programme in Midlothian**Report by Mary Smith, Director, Education, Communities and Economy****1 Purpose of Report**

- 1.1** The purpose of this report is to seek Cabinet approval to deliver the Start Up Finance Scotland loan funding programme through Business Gateway (Midlothian).

2 Background

- 2.1** The Start Up Loan Company currently operates in England, Wales and Northern Ireland with funds from the UK Government and through a network of delivery partners. The loan funding is available for start up businesses and those which have been trading for less than 12 months. Loans of up to £25,000 are available at an interest rate of 6%. Background information about Start-Up Finance Scotland has been placed in the Members' Library.
- 2.3** It is now proposed that this programme be rolled out in Scotland. There have been discussions nationally with West of Scotland Loan Fund and East of Scotland Investment Fund; Business Gateway National and with Business Gateway Lead Local Authorities; with Scottish Local Authority Economic Development representatives and with Convention of Scottish Local Authorities representatives. WSLF Management Services Ltd has been set up jointly by West of Scotland Loan Fund and East of Scotland Investment Fund Boards to deliver the programme in Scotland with local delivery partners which, it is anticipated, will be local Business Gateway offices.
- 2.4** It is likely that loans will be issued from the end of May 2014. The infrastructure and legal framework has been set up along with documentation and processes to ensure that roll-out will run smoothly. WSLF Management Services Ltd already has a successful track record in the running of West of Scotland Loan Fund and East of Scotland Investment Fund and there is an existing process for the delivery of the start-up loan in England. The process is being modified to be run effectively across Scotland. Members will be aware that this Council has been an active member of the East of Scotland Investment Fund for a number of years.
- 2.5** It is envisaged that the Business Gateway role in the delivery of the programme is for business advisers to provide advice to applicants and assist them to prepare applications to submission stage. Applications will be checked by Council Economic Development Section staff and

forwarded on to WSLF Management Services Ltd with an appropriate recommendation. Business Gateway staff will provide aftercare services to successful applicants to maximise the chances of business success for the applicants.

3 Report Implications

3.1 Resource

In terms of Human Resource implications, in the early stages of the delivery of the Start Up Finance Scotland loan funding programme in Midlothian, it is anticipated that local service delivery will be provided by Business Gateway (Midlothian) staff. This will be undertaken in conjunction with appropriate Council colleagues. However, loan enquiry and application levels will be monitored closely to ensure that there are adequate staff resources in place to meet local service delivery requirements.

With regard to Financial Resource implications, there is no direct funding required from Midlothian Council for the loan funding programme. However, as noted above, there will be additional demands on existing staff such that any requirement over time for additional staff resource will need to be carefully monitored. Budgetary allocation arrangements, for the UK Government funded programme, will be handled by WSLF Management Services Ltd. A fee of £ 400 will be paid to Midlothian Council for every successful loan application that is processed. This fee, which is designed to cover application support and aftercare advisory costs, is ring-fenced for Business Gateway purposes only.

3.2 Risk

There is a risk that local business start-ups would not be adequately funded if this service is not provided in Midlothian. Midlothian based start up and eligible existing businesses would potentially miss out on this funding opportunity.

Risk implications are minimised by delivering this project within the approved procedures set up by WSLF Management Services Ltd.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

To support economic recovery and business support targets as highlighted in the Midlothian Economic Recovery Plan and Single Midlothian Plan.

3.5 Adopting a Preventative Approach

Supporting local businesses to set up and grow. This support is preventative or enabling rather than reactive.

3.6 Involving Communities and Other Stakeholders

Various stakeholders have been consulted regarding this service being delivered by Business Gateway across Scotland. Consultees include West of Scotland Loan Fund and East of Scotland Investment Fund ; Business Gateway National; Business Gateway Lead Local Authorities; Scottish Local Authority Economic Development representatives and with Convention of Scottish Local Authorities representatives. All are fully supportive.

3.7 Ensuring Equalities

There are no Equalities Implications arising from this report. Businesses receiving funding must comply with Equalities legislation and fair employment practices.

3.8 Supporting Sustainable Development

Encouraging the creation of additional jobs, particularly for local people setting up their own businesses and potentially employing additional staff locally, will reduce travel to work time and cost. The Loan Fund itself is a sustainable use of funds which can be recycled for future use when it is repaid.

3.9 IT Issues

No IT implications.

4 Recommendations

4.1 It is recommended that Cabinet :

- a) approves the delivery of the Start Up Finance Scotland loan funding programme in Midlothian through the Council's Business Gateway service ;
- b) agrees that regular progress reports are prepared on the operation of the Start Up Finance Scotland loan funding programme ; and
- c) agrees that appropriate publicity arrangements are implemented to ensure maximum take up of the Start Up Finance Scotland loan funding programme in Midlothian.

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Background Papers: Background information has been placed in the Members' Library