

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 28 JUNE 2005

WEST OF SCOTLAND LOAN FUND REVIEW OF THE SCHEME OF DELEGATION

Report by Executive Director of Development and Property Services

1 PURPOSE OF REPORT

- 1.1** To seek the approval of the Committee for a revision of the Scheme of Delegation, as it applies to the West of Scotland Loan Fund.

2 INTRODUCTION

- 2.1** At its meeting on 5 June 2001, the Committee approved amendments to the Scheme of Delegation for the approval of funding support for businesses, which included approvals of loan funding of up to £30,000, through the West of Scotland Loan Fund.

3 REVIEW OF MAXIMUM INVESTMENT BY WEST OF SCOTLAND LOAN FUND

- 3.1** The maximum amount of loan funding which the West of Scotland Loan Fund was empowered to invest in any company was set at £30,000, when the Fund was constituted in its present format in 1996.
- 3.2** To reflect the current needs of businesses for working capital, the Board of the West of Scotland Loan Fund Ltd considered the maximum amount which could be invested and agreed that, for businesses which are either start-up or which having a trading history of less than 2 years, the maximum investment should remain at £30,000, but for businesses with a successful trading record for a period of 2 or more years, the maximum investment amount should be increased to £50,000. In all cases, the amount invested is dependent on the demonstrated financial needs of the business and the strength of the case made for the investment.
- 3.3** This decision taken by the Board in August 2004 was incorporated into the West of Scotland Loan Fund Members Agreement, which was signed by the Solicitor to the Council in May 2005, as being acceptable to East Ayrshire Council.

4 PROPOSED AMENDMENT TO THE SCHEME OF DELEGATION

- 4.1** Reflecting that a key principle of the efficient operation of the West of Scotland Loan Fund is the continuing need for investment decisions to be taken as quickly as possible, it is proposed that the Scheme of Delegation be reviewed to allow determination of loan funding applications by officers, in consultation with the Chair or Vice Chair of the Development Services Committee.
- 4.2** Accordingly, to align with the amounts which can be invested through the West of Scotland Loan Fund, the revised proposals are that determination of loan applications of up to £50,000 would be delegated to any two of the Executive Director of Development and Property Services, the Head of Economic Development and Property and the Business Development Manager.
- 4.3** The current practice of providing monitoring reports to Committee will be maintained, providing summary information on all loan approvals, which have been awarded.

5 LEGAL IMPLICATIONS

- 5.1** All approvals of loan investments under the proposed amendments to the Scheme of Delegation will continue to be subject to appropriate contractual documentation being drawn up by – or in consultation with – the Solicitor to the Council and being satisfactorily concluded before disbursement to the client company of the approved funds.

6 POLICY IMPLICATIONS

- 6.1** The proposed amendments to the Scheme of Delegation will contribute towards the achievement of the Council's objectives of efficient and effective delivery of services, in the context of Best Value.

7 FINANCIAL AND PERSONNEL IMPLICATIONS

- 7.1** There are no financial or personnel implications arising from the proposals in this report.

8 RECOMMENDATION

- 8.1** That the Committee approves the proposal that determination of loan applications through the West of Scotland Loan Fund of up to £50,000 is delegated to officers and that the Scheme of Delegation is amended accordingly.

JAMES LAVERY
Executive Director of Development and Property Services

13/06/2005 – jrs

BACKGROUND PAPERS

Nil

For further information please contact JOHN SPOONER, Business Development Manager on Extension 6143.

Implementation Officer : JOHN SPOONER