

## EAST AYRSHIRE COUNCIL

### CUMNOCK AREA LOCAL COMMITTEE – 11 APRIL 2002

#### EAST AYRSHIRE COUNCIL PLAN : 1999/2002 A REVIEW OF ECONOMIC & BUSINESS DEVELOPMENT SUPPORT IN THE AREA OF THE CUMNOCK AREA LOCAL COMMITTEE

##### Report by Director of Development Services

## 1 PURPOSE OF REPORT

- 1.1 In the context of the Council Plan 1999/2002, to inform the Committee of the support and assistance which has been given through the Council to businesses operating in the area of the Local Committee.

## 2 BACKGROUND

- 2.1 At its meeting on 1 February 2001, the Committee considered a report detailing the support which had been provided to businesses in the Committee area, during the period from the formation of the Council in 1996 until the end of 2000. The Committee asked further periodical updates be provided to future meetings.
- 2.2 At the request of the Policy & Resources Committee when it considered a report entitled "Update on Progress : East Ayrshire Council Plan 199/2002" at its meeting on 29 November 2001, a detailed report was submitted to the recent meeting of the Development Services Committee on 13 March 2002, reviewing the support which was given to businesses throughout East Ayrshire, during the period of the Council Plan. This report has been prepared on the basis of that submitted to the recent meeting of the Development Services Committee
- 2.3 The Council Plan 1999/2002 identifies that the number one priority for the Council is "tackling unemployment", with the overall aim being to reduce the unemployment rate in East Ayrshire to the Scottish average by the year 2010.
- 2.4 To implement this strategic objective, the Council Plan identifies that the Council will :
- work with **existing businesses** to help them retain jobs and help them expand;
  - work with the Local Delivery Organisation to establish **new businesses**;
  - work with partners to attract **new employers** into East Ayrshire.
- 2.5 To support these strategic objectives, the Council allocates resources through the Capital Programme for loan funding and through the revenue budget for business grants.

**2.6** All applications for funding support are dealt with on a “case by case” basis and are assessed on the strength of the “business case” presented and on the wider economic benefits which will accrue as a result of the implementation of the project. Examples of “economic benefits” are :

- new jobs created;
- exiting jobs preserved;’
- additional income to the local economy;
- increase in the level of skills in the local economy.

### **3 SUPPORT TO BUSINESSES –1999 to 2002**

**3.1** The appendices to this report show the nature and type of support which the Council has provided to the client businesses in terms of direct financial assistance and business advice, during the period 1999 to 2002. Each table details the type of intervention and the number of jobs which have been affected as a result of the intervention.

**3.2** **Appendix 1** details support given to **existing companies**; **Appendix 2** details support given to **new companies which have been inward investment projects** to the Local Committee area; and **Appendix 3** details support given to **indigenous new start businesses** within the Local Committee area.

**3.3** The employment figures shown in the appendices relate to current employment levels in the businesses, as identified at the most recent monitoring visits. It should be noted that there are instances where the businesses have previously experienced higher peak numbers of employees than they currently have.

**3.4** Due to the requirements of commercial confidentiality, the actual amounts of loan or grant assistance made to any client company cannot be disclosed.

**3.5** The Committee is asked to note that during the period of the Council Plan, the Council has been involved in supporting a number of other companies which are no longer trading. The closure of these companies is attributable to a range of reasons, which include adverse market conditions, weak funding positions, poor management etc.

## 4 OUTCOMES OF BUSINESS SUPPORT

- 4.1 The Council Plan sets targets for the outputs required from the business support service. The targets shown in the following table have been extracted from the Council Plan 1999/2002 and relate to the whole Council area. However, the actual figures shown in the table relate only to the Cumnock Area Local Committee area.

TYPE OF ACTIVITY	EXISTING JOBS		NEW JOBS	
	Plan Target	Local Actual	Plan Target	Local Actual
Support to existing companies	400	325	150	146
Support to Inward Investment projects	Not applicable		500	435
Support to indigenous new-start businesses	Not applicable		150	79
<b>Totals</b>	400	325	800	660
<b>Summary Total</b>	<b>985 jobs supported</b>			

- 4.2 The attention of the Committee is drawn to the fact that the above statistics clearly demonstrate that the support given to businesses in the Cumnock Area Local Committee area has contributed significantly towards the achievement of the overall targets for the whole Council area.

## 5 SIGNIFICANT PROJECTS

- 5.1 This section of the report highlights some of the business development projects which have been supported and is intended to provide the Committee with an overview of the range of ways in which Council support has been of direct benefit to local businesses, as they consolidate and expand their trading operations.
- 5.1 The Council took a leading role in facilitating the development and securing of a Child Support Agency project to establish a new data-processing centre in premises which are currently being renovated and upgraded on the Caponacre Industrial Estate. This project will lead to the development of 170 new jobs.
- 5.2 At Daldorch House near Catrine, the National Autistic Society operates a specialist education facility for children who suffer from autism. The establishment of the project was supported by the Council. To date it has proved to be very successful and was the subject of a recent and very satisfactory inspection by HM Inspectors of Schools.

Currently a feasibility study (part funded by the Council) is being undertaken into the further development and expansion of the facility, which is projected to lead to the provision of a further 130 new jobs.

- 5.3** E & M Manufacturing Ltd which occupies a unit at Cumnock Business Park manufactures headwear for the Middle East. The company has been successful and is currently preparing to expand into the premises in Caponacre Industrial Estate, which was formerly occupied by Blackwoods. It is anticipated that this expansion project will lead to the creation of 30 new jobs initially, rising to 50 over a two- year period.
- 5.4** Caledonian Bottlers Ltd have completed a major expansion of their premises and production facility at Cumnock Business Park. The Council and Scottish Enterprise Ayrshire (as joint owners) supported this project by selling the premises to the company which gave them financial security against which they were able to borrow additional funds on the commercial market. Consideration is currently being given to a project to double the size of the plant.
- 5.5** The Council and Scottish Enterprise Ayrshire have provided ongoing advisory support to the former AGM Casualwear, which is now in new ownership and is trading as Globvine Ltd. There was a reduction in employment levels in the new company to the current level of 120 employees. Evidence from the Employment Service indicates that the vast majority of the employees of the former AGM Casualwear company have now secured alternative employment
- 5.6** The Richards Group which is based in Aberdeen and is the parent company, which owned Kingsmead Carpets, based at Caponacre Industrial Estate went into liquidation last year. Together with Scottish Enterprise Ayrshire, the Council is working on developing proposals to establish a new independent company in Cumnock which will secure the continuation of around 50 of the original 62 jobs at the plant. These jobs will be in the manufacture of high quality carpets which enjoy a strong international reputation.
- 5.7** Following the liquidation of the former Cumnock Footwear in late 2001, the Council continues to work closely with the new operating company (Walker Footwear Ltd) in monitoring trading performance to ensure the ongoing viability of the business and the continuation of the jobs which currently number 130.
- 5.8** Barony Universal Products Ltd based in Auchinleck is currently undertaking a major expansion project costing approximately £2 million which will lead to the creation of an additional 35 new jobs. Council support has been given in the context of grants towards training and other development costs

5.9 Currently work is ongoing with a range of other projects which involve funding, premises, training, recruitment and market development issues. At this stage, the requirements of commercial confidentiality do not allow details to be given, but once the projects come to fruition, they will be included in a future report to the Committee.

## 6 EMPLOYMENT TRENDS IN THE LOCAL ECONOMY

6.1 Within any local economy, there is a constant movement of new jobs being created and old jobs being lost. This is particularly the case in an area such as East Ayrshire which has a significant number of textile businesses, which is a sector that in recent years has seen many job losses throughout the UK generally.

6.2 Recent Scottish Executive statistics show that manufacturing employment in Scotland as a whole has reduced by 5% since 1995, whereas, by comparison the reduction in East Ayrshire has been 32%.

6.3 Other statistical information issued by the Scottish Executive (Economic Advice & Statistics Division) on 13 February 2002 shows that the claimant unemployment gap between East Ayrshire and Scotland has consistently narrowed over the last 10 years, from 2.2% to 1.6%.

PERIOD	YEAR	SCOTLAND	EAST AYRSHIRE	DIFFERENCE
10 years ago	1992	8.2	10.4	2.2
5 years ago	1997	8.0	9.7	1.7
<b>Current</b>	<b>2002</b>	<b>4.1</b>	<b>5.7</b>	<b>1.6</b>

6.4 Due to the requirement to target loan and grant resources to cases where they are most likely to have the most significant impact, the Council is unable to provide funding support to every business in the area. Accordingly, there will be growth in employment and conversely, redundancies in businesses with which the Council has no direct contact, although these employment trends will be reflected in the overall employment / unemployment statistics for the Council area.

## 7. POLICY IMPLICATIONS

7.1 The information provided in this report and the attached appendices demonstrate that support provided to businesses in the Committee's area has contributed significantly towards the achievement of the policy objectives set in the Council Plan 1999/2002.

## 8. LEGAL, PERSONNEL AND FINANCIAL IMPLICATIONS

8.1 There are no legal, personnel or financial implications.

## **9 RECOMMENDATION**

- 9.1 That the Committee notes the detail provided in this report in relation to the Council's priority of tackling unemployment.**

**STEPHEN CHORLEY**  
**Director of Development Services**

19/03/2002 : jrs

### **BACKGROUND PAPERS**

**Nil**

**For further information please contact JOHN SPOONER, Business Development Manager on 01563 576143, at Council Headquarters, London Road, Kilmarnock.**

**Implementation Officer : JOHN SPOONER**

**EAST AYRSHIRE COUNCIL**

**CUMNOCK AREA LOCAL COMMITTEE : 11 APRIL 2002**

<b>SUPPORT TO EXISTING COMPANIES</b>					
<b>LOCATION</b>	<b>COMPANY</b>	<b>BUSINESS ACTIVITY</b>	<b>JOBS SUPPORTED</b>		<b>NATURE OF INTERVENTION</b>
			<b>Existing</b>	<b>New</b>	
Auchinleck	Jeffcare Ltd	Healthcare products	2		Grant towards training costs
Auchinleck	Barony Universal Products Ltd	Manufacture of aerosols	51	35	Grant towards training costs Grant to attend overseas trade event Grant towards feasibility study costs
Catrine	S B Optical Ltd	Optical manufacture	18		Grant to attend overseas trade event
Cumnock	Cumnock Footwear Ltd	Footwear manufacture	80	40	Loan funding for working capital Grant towards employment costs of unemployed people Grant towards training costs
Cumnock	Original Shoe Company Ltd	Footwear & Clothing retailer	33	50	Grant towards training costs and general company expansion
Cumnock	Emergency One (UK) Ltd	Manufacture of fire engines	2	6	Grant towards training costs Grant towards employment and training costs
Cumnock	Curtainwise Ltd	Curtain & soft furnishings manufacture	3		Grant towards training costs
Cumnock	AGM Casualwear Ltd	Textile manufacture	120		Loan funding for working capital
Cumnock	MS Direct Ltd	First aid supplies	8	15	Loan funding for working capital Grant towards employment costs of unemployed people

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			<b>Existing</b>	<b>New</b>	
Mauchline	Miller European Steels Ltd	Steel stockholders	3		Grant towards training costs
New Cumnock	Afton Spring	Water	Jobs under consideration		Grant towards cost of feasibility study
Sorn	P P Systems Ltd	Computer software	5		Grant to attend overseas trade event
<b>TOTAL</b>			<b>325</b>	<b>146</b>	

**EAST AYRSHIRE COUNCIL****CUMNOCK AREA LOCAL COMMITTEE : 11 APRIL 2002**

<b>SUPPORT TO NEW COMPANIES – INWARD INVESTMENT TO EAST AYRSHIRE</b>					
<b>LOCATION</b>	<b>COMPANY</b>	<b>BUSINESS ACTIVITY</b>	<b>JOBS SUPPORTED</b>		<b>NATURE OF INTERVENTION</b>
			<b>Existing</b>	<b>New</b>	
Catrine	National Autistic Society	Specialist education facility		205	Grant towards feasibility study costs and project development support
Cumnock	E & M Manufacturing Ltd	Textiles		60	Rental support for premises
Cumnock	Child Support Agency	Data processing		170 Jobs are now being advertised	Lead facilitator in developing and securing project.
<b>TOTAL</b>				<b>435</b>	

**EAST AYRSHIRE COUNCIL****CUMNOCK AREA LOCAL COMMITTEE : 13 MARCH 2002**

<b>SUPPORT TO NEW-START INDIGENOUS COMPANIES WITHIN EAST AYRSHIRE</b>					
<b>LOCATION</b>	<b>COMPANY</b>	<b>BUSINESS ACTIVITY</b>	<b>JOBS SUPPORTED</b>		<b>NATURE OF INTERVENTION</b>
			<b>Existing</b>	<b>New</b>	
Cumnock	Box Café Ltd	Youth Cafe		15	Loan and grant funding for working capital
Cumnock	MCM Textiles Ltd	Textile manufacture		16	Loan funding for working capital
Lugar	LAR Welding	Metal fabrication		5	Loan funding for working capital
New Cumnock	Pathhead Bakery	Bakery		15	Loan and grant funding for working capital
New Cumnock	Lochside House Hotel	Hotel		28	Grant towards improved infrastructure costs
<b>TOTAL</b>				<b>79</b>	

**AGENDA**