

## EAST AYRSHIRE COUNCIL

### CUMNOCK AREA LOCAL COMMITTEE – 27 MARCH 2003

#### A REVIEW OF ECONOMIC & BUSINESS DEVELOPMENT SUPPORT IN THE AREA OF THE CUMNOCK AREA LOCAL COMMITTEE 2002/2003

##### Report by Director of Development Services

## 1 PURPOSE OF REPORT

- 1.1 To inform the Committee of the support and assistance which has been given by the Council to businesses operating in the area of the Local Committee during the financial year 2002/2003.

## 2 BACKGROUND

- 2.1 At its meeting on 11 April 2002, the Committee considered a report detailing the support which had been provided to businesses in the Committee area, during the period of the Council Plan from 1999 to 2002. This report is an update on the support and assistance awarded to local businesses since the last report.
- 2.2 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.
- 2.3 To implement this strategic objective, the Council Plan identified that the Council would :
- 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.
- 2.4 To support these strategic objectives, the Council allocates resources through the Capital Programme for loan funding and through the revenue budget for business grants.
- 2.5 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 – 2002/2003

- 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 financial year 2002/2003. 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** and **Appendix 2** 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 covered by this report, 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 following table summarises the appendices and shows the total number of existing jobs and new jobs which have been supported in the Committee area during the financial year.

TYPE OF ACTIVITY	EXISTING JOBS	NEW JOBS
	2002/2003	2002/2003
Support to existing companies	411	114
Support to indigenous new-start businesses	60	52
<b>Totals</b>	<b>471</b>	<b>166</b>
<b>Summary Total</b>		
<b>637 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 contributes significantly towards the economic regeneration of East Ayrshire.

## **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 new data processing facility operated by the Child Support Agency at Caponacre Industrial Estate is now operational and has led to the creation 170 new jobs.
- 5.2** The success of the National Autistic Society's specialist educational facility at Daldorch House near Catrine continues to grow. Proposals for the further development and expansion of the facility, are being developed which will lead to the provision of a further 130 new jobs.
- 5.3** It was noted in the previous report that E & M Manufacturing Ltd which occupies a unit at Cumnock Business Park and manufactures headwear for the Middle East was preparing to open an additional manufacturing facility in the Caponacre Industrial Estate. The company has acquired premises and has committed significant expenditure to the upgrading of the building. However, due to the current tensions in the Middle East and the consequent effect on business, this project has been deferred temporarily.
- 5.4** Walker Footwear is currently finalising arrangements for the relocation of the business into larger premises at Caponacre Industrial Estate, which will allow for the consolidation and expansion of the business, and will support the creation of new job opportunities.
- 5.5** The regeneration of the Cumnock Town Centre is a priority project and work is currently ongoing in relation to the possible development of new office accommodation suitable for new projects, similar to that secured at the Child Support Agency.
- 5.6** In addition and with the active support of the Cumnock Town Centre Initiative, consideration is being given to the shopping needs of the area and the options available for the enhancement of the current facilities. Work has recently been undertaken to improve the Glaisnock Shopping Centre, by way of access improvements to the building for pedestrians and resurfacing of the car park areas.

- 5.7** 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** As reported to the Development Services Committee on 12 March 2003, the rate of unemployment in East Ayrshire at January 2003 was 8.1%, which reflected a decrease on the year of 0.8%. The Committee will be pleased to note that the comparable overall rate of unemployment in the Committee area is 7.4%.
- 6.3** 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 contributes significantly towards the achievement of the Council's policy objectives of reducing unemployment and alleviating poverty .

## **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**

17/03/2003 : 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 : 27 MARCH 2003****SUPPORT TO LOCAL BUSINESSES : 2002/2003**

<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	Barony Universal Products Ltd	Manufacture of aerosols	86	0	Grant to attend overseas trade event
Auchinleck	Crons Bakery	Bakery	3	0	Grant towards costs of access and site security improvements and refurbishment of bakery Loan for working capital
Auchinleck	The Railway Hotel	Hotel & function facility	8	11	Grant towards recruitment of additional staff
Catrine	S B Optical Ltd	Optical manufacture	18	0	Grant to attend overseas trade event
Cumnock	Globvine Ltd	Textile manufacture	75	0	Loan for working capital
Cumnock	MCM Textiles Ltd	Textile manufacture	15	0	Loan for working capital Grant towards training costs
Cumnock	MS Direct Ltd	First aid supplies	8	15	Grant towards employment costs of unemployed people
Cumnock	Original Shoe Company Ltd	Footwear & Clothing retailer	33	50	Grant towards security fencing following high levels of break-ins – also supported by Scottish Enterprise Ayrshire
Cumnock	Secure Lettings	Industrial & business premises developer	8	15	Grant towards fitting out costs of renovated factory, converted into smaller lettable units

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<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>	
Cumnock	Timbermills	Hardware and DIY retailer	8	6	Loan for working capital Grant towards extension of business premises
Cumnock	Walker Footwear Ltd	Footwear manufacture	115	0	Grant towards feasibility plan and costs of building renovation and business relocation Loan for working capital
Lugar	Adelphie Engineering and Construction Ltd	Manufacture of specialised engineering products	14	14	Grant towards purchase of premises and relocation costs Loan for working capital
Mauchline	Scotia Storage Systems Ltd	Manufacture of storage and transport products for bottled water industry	15	3	Loan for working capital Training grant Employment grant
New Cumnock	Chamelion Books	Bookseller	5	0	Loan for working capital Grant for Internet marketing site development
<b>TOTAL</b>			<b>411</b>	<b>114</b>	

**EAST AYRSHIRE COUNCIL**

**CUMNOCK AREA LOCAL COMMITTEE : 27 MARCH 2003**

**SUPPORT TO LOCAL BUSINESSES : 2002/2003**

<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	Kingsmead Carpets Ltd	Carpet manufacturer	60	0	Loan for working capital
Cumnock	Lynch Environmental Solutions Ltd	Recycling Plant	0	15	Grant for registration of intellectual property Loan for working capital
Muirkirk	Wood 4 U Ltd	Furniture manufacture	0	14	Loan for working capital Grant towards wages costs
New Cumnock	Pathhead Bakery	Bakery		23	Grant towards wages costs
<b>TOTAL</b>			<b>60</b>	<b>52</b>	