

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 13 MARCH 2002

EAST AYRSHIRE COUNCIL PLAN : 1999 to 2002 REVIEW OF SUPPORT TO BUSINESSES

Report by Director of Development Services

1 PURPOSE OF REPORT

- 1.1 To review the Council's business support and development activities, in the context of the Council Plan 1999/2002.

2 BACKGROUND

- 2.1 At its meeting held on 29 November 2001, the Policy and Resources Committee considered a report on "Update on Progress : East Ayrshire Council Plan 1999/2002" and requested that a report be submitted to the Development Services Committee "expanding upon the figures quoted in relation to Working with Existing Businesses and giving an update on the overall position in East Ayrshire".
- 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 within East Ayrshire to the Scottish average by the year 2010.
- 2.3 In terms of working directly with local businesses, the Council Plan identifies the following priorities and targets :

PRIORITY	ACTION	TARGET (Over the Plan period to the end of 2003)
WORKING WITH EXISTING BUSINESSES	<ul style="list-style-type: none">• Work with existing businesses to help them retain jobs and help them expand• Work with the Local Delivery Organisation to establish new businesses	<ul style="list-style-type: none">• Secure retention of 400 existing jobs• Assist in creating 150 new jobs in existing businesses• establish 50 new businesses;• create 150 new jobs in these businesses

PRIORITY	ACTION	TARGET (Over the Plan period to the end of 2003)
ATTRACTING INWARD INVESTMENT	<ul style="list-style-type: none"> • Attract new employers into East Ayrshire 	<ul style="list-style-type: none"> • secure up to 10 initial enquiries for new projects; • convert 3 enquires to decisions on inward investment; • support the creation of 500 new jobs by 2005, rising to 800 by 2008

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.

3 SUPPORT TO BUSINESSES - 1999/2002

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 provided and the number of jobs which have been affected as a result of the intervention.

3.2 The appendices effectively summarise for the 3-year period the information which is provided to the Committee on an ongoing basis in the Business Grants and Loans monitoring reports.

3.3 Appendix 1 details support given to existing companies.
Appendix 2 details support given to new companies which have been inward investment projects into East Ayrshire.
Appendix 3 details support given to indigenous new-start businesses within East Ayrshire.

3.4 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.

3.5 Through the mechanism of the statutory land use planning process, with planning policies contained in the Ayrshire Joint Structure Plan and the East Ayrshire Local Plan, the pro-active focus of promoting development opportunities in specifically identified sites has been instrumental in achieving new development in a number of locations, resulting in significant numbers of new and additional jobs in the local economy. Examples where development has proceeded as a result of positive planning policies but with direct financial intervention by the Council include :

- retail, motor trade and leisure developments at Queens Drive in Kilmarnock;
- HM Prison development at Bowhouse, Hurlford;
- retail development at Portland Gate in Kilmarnock;
- EGGER wood-chip manufacturing plant at Auchinleck.

It is conservatively estimated that these new projects support around 800+ jobs.

4 OUTCOMES OF BUSINESS SUPPORT

- 4.1 The outcomes of the above business development activity in terms of the creation of new jobs and the retention of existing jobs, set against the targets in the Council Plan are as shown in the following table :

TYPE OF ACTIVITY	EXISTING JOBS		NEW JOBS	
	Target	Actual	Target	Actual
Support to existing companies	400	1,082	150	410
Support to Inward Investment projects	Not applicable		500	1,310
Support to indigenous new-start businesses	Not applicable		150	279
TOTALS			800	1,999

5 OVERALL TRENDS

- 5.1 Employment data on the claimant unemployment count as supplied by the Scottish Executive (Economic Advice & Statistics Division – 13 February 2002) show the following trends :

	SCOTLAND	EAST AYRSHIRE	DIFFERENC E
January 2002	4.1	5.7	1.6
January 1997 (5 years ago)	8.0	9.7	1.7
January 1992 (10 years ago)	8.2	10.4	2.2

- 5.2 This highlights that the gap between Scotland and East Ayrshire is narrowing.
- 5.3 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.
- 5.4 The Scottish Executive's statistics also show that manufacturing jobs have declined, as follows :

Scotland

East Ayrshire

Reduction (since September 1995) -5% -32%

Our current records show that around 1,100 jobs alone have been lost since 1996 in the textile sector, including firms such as Blackwood Brothers Ltd (360 jobs) and Cumnock Knitwear Ltd (180 jobs).

5.5 The general reduction in manufacturing jobs in East Ayrshire must be seen in the context of the increase in new jobs to the area, shown in the appendices, and at section 3.5, which in total comes to 2,799 jobs where the Council has had a material input. It has also to be assessed in the context of the narrowing of the unemployment gap as highlighted at 5.1 above.

6 POLICY IMPLICATIONS

6.1 The information summarised in the table at section 4.1 above and the attached appendices demonstrate that the policy objectives set in the Council Plan 1999/2002 have been achieved and surpassed.

7 FINANCIAL, LEGAL AND PERSONNEL IMPLICATIONS

7.1 There are no financial, legal or personnel implications.

8 RECOMMENDATION

8.1 That the Committee :

(1) notes the further detail provided in this report in relation to the Council's priority of tackling unemployment; and

(2) generally notes the terms of this report.

STEPHEN CHORLEY

Director of Development Services

6 March 2002/jrs

BACKGROUND PAPERS

Nil

For further information please contact ROBERT PATON, Head of Economic Development on Extension 6142 or JOHN SPOONER, Business Development Manager on Extension 6143.

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SUPPORT TO EXISTING COMPANIES					
LOCATION	COMPANY	BUSINESS ACTIVITY	JOBS SUPPORTED		NATURE OF INTERVENTION
			Existing	New	
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
Dalrymple	L Smith	Computer consultant	1		Grant towards training costs
Darvel	Express Pipework Systems Ltd	Pipework engineers	1		Grant towards employment and training costs
Darvel	Smith & Archibald Ltd	Textile manufacture	5		Grant towards training costs
Dunlop	Diplomacy Saddlery	Saddlery manufacture	1		Grant towards training costs

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SUPPORT TO EXISTING COMPANIES					
LOCATION	COMPANY	BUSINESS ACTIVITY	JOBS SUPPORTED		NATURE OF INTERVENTION
			Existing	New	
Kilmarnock	CMD Fire Protection & Security	Fire & security systems	2		Grant towards training costs
Kilmarnock	Brownings the Bakers Ltd	Bakery	4		Grant towards training costs
Kilmarnock	Organic Waste Ltd	Chemical solutions to waste water solutions	5		Grant to attend overseas trade event
Kilmarnock	Thomas C Stewart	Chartered Quantity Surveyors	8		Grant to attend overseas trade event
Kilmarnock	Stress Education Services	Trainers for health industry	3		Grant to attend overseas trade event
Kilmarnock	Gibson Wight Ltd	Heating & Electrical contractors	12		Grant towards training costs
Kilmarnock	Deanston Electrical	Electrical contractors	10		Grant towards training costs
Kilmarnock	Kelburne Construction Ltd	Civil engineering contractors	3		Grant towards training costs
Kilmarnock	Dolphin Cadcam Ltd	Computer software	1		Grant towards training costs
Kilmarnock	Labelspect Ltd	Label manufacture	8	14	Grant towards cost of feasibility study
Kilmarnock	Adcraft Ltd	Screenprinting	5		Grant towards training costs
Kilmarnock	Dobson Mineral Extraction	Rock drilling & blasting engineers	2		Grant towards training costs

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LOCATION	COMPANY	BUSINESS ACTIVITY	JOBS SUPPORTED		NATURE OF INTERVENTION
			Existing	New	
Kilmarnock	The MacRobert Corporation	Manufacture of drum pedals	11		Grant to attend overseas trade event
Kilmarnock	Hunslet Barclay Ltd	Locomotive manufacture and overhaul	130		Grant to attend overseas trade event and development activities
Kilmarnock	UDV (Johnny Walker)	Drinks	450	250	Lobbying to secure retention of local plant and a substantial Regional Selective Assistance grant for investment at the site
Kilmarnock	A & J Clark Construction Ltd	Civil engineering contractors	1		Grant towards employment and training costs
Kilmaurs	Billy Bowie Tanker Services	Waste disposal	55		Grant towards training costs Advice and assistance in business relocation project Grant for site and premises development
Kilmaurs	Allserve Ltd	Engineering	3		Grant to attend overseas trade event
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
Stewarton	Proven Engineering Ltd	Wind turbines	11		Loan funding for working capital Advice and assistance in business relocation project
Stewarton	Riverford Mill Ltd	Textiles	25		Loan funding for working capital Grant to attend overseas trade event Grant towards training costs
TOTAL			1,082	410	

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SUPPORT TO NEW COMPANIES – INWARD INVESTMENT TO EAST AYRSHIRE					
LOCATION	COMPANY	BUSINESS ACTIVITY	JOBS SUPPORTED		NATURE OF INTERVENTION
			Existing	New	
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.
Kilmarnock	First Choice Travel	Travel operator		340	Grant towards fitting out costs of new call centre Rental guarantee for new call centre building
Kilmarnock	Merchants (National Australia Bank)	Data processing		500 Recruitment build up over a 2 year period	Rental guarantee for new call centre building
Patna	BDF Ltd	Dental products		35 Jobs are now being advertised	Grant funding towards costs of establishing new plant
TOTAL				1,310	

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SUPPORT TO NEW-START INDIGENOUS COMPANIES WITHIN EAST AYRSHIRE					
LOCATION	COMPANY	BUSINESS ACTIVITY	JOBS SUPPORTED		NATURE OF INTERVENTION
			Existing	New	
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
Darvel	Transfer Machine Technologies Ltd	Manufacture of automatic assembly machinery		8	Loan funding for working capital
Fenwick	Peartree (Treehouses) Ltd	Design & manufacture of tree houses		35	Loan funding for working capital Grant funding towards costs of major trade event
Lugar	LAR Welding	Metal fabrication		5	Loan funding for working capital
Kilmarnock	Gracelands Nursing Home Ltd	Nursing home		108	Loan funding for working capital Grant towards employment costs
Kilmarnock	Mobil One Communications (Europe) Ltd	Selling discounted air time for mobile phones		26	Loan funding for working capital
Kilmarnock	L R Precision Engineering Ltd	Precision engineering		13	Loan funding for working capital
Kilmaurs	Trident Systems Northern Ltd	Manufacture of fuel effect domestic fires		10	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
TOTAL				279	

AGENDA