

REPORT TO: Cabinet

MEETING DATE: 9 March 2010

BY: Executive Director of Environment

SUBJECT: Economic Development Projects 2010/11

1 PURPOSE

- 1.1 To request Cabinet approval to implement the range of Economic Development projects listed during 2010/11.

2 RECOMMENDATIONS

- 2.1 To agree the programme outlined with expenditure indicated being met from the Economic Development Division's budget or external funding.

3 BACKGROUND

- 3.1 The Economic Development Division of East Lothian Council develops, supports and implements projects and activities that bring investment into East Lothian, start up and grow businesses, aid job creation and safeguarding, stimulate economic development and business performance, and attract and retain visitors, in partnership where appropriate with external agencies and other council departments.
- 3.2 Economic Development priorities are influenced by the current economic downturn and consequent impacts on individual businesses and tourism demand.
- 3.3 Regular business engagement through a range of representative groupings as well as the Community Planning process ensures that the proposed programme meets the needs of local businesses and the wider economy.
- 3.4 The proposed programme for 2010/11 is categorised as before under the headings of business development, tourism and other projects.

Business Development

- 3.5 **Business Gateway.** East Lothian Council's Economic Development Division is one of the members of the Lothian Consortium that currently delivers the Business Gateway start-up contract, now transferred to local authorities following the Scottish Enterprise restructure, led by the City of Edinburgh Council. This service allows staff to engage with and support individuals wishing to start-up in business promoted via national and local press and includes an outreach service in Musselburgh.
- 3.6 In terms of **business growth**, additional support is available through council provision, such as one-to-one core business advice, e-commerce and export assistance. Financial assistance is given through the awarding of East Lothian Council grants and loans via East Lothian Investments Ltd aimed at modernising the business base. Demand during 2009/10 grew considerably in response to the testing economic climate for businesses and aided by £300,000 additional council support provided to East Lothian Investments Ltd. During 2009/10, 14 grants and 30 loans were awarded creating 71.5 new jobs and protecting 305.5 posts (see Appendix 1 for list of those awarded grants). A grant budget of £45,000 has been allocated for 2010/11. The business growth service offering is promoted and informed to the business community through the popular quarterly business newsletter, 'Business Buzz'. Advice and support is also provided through the PACE programme (Partnership for Continuous Employment) in relation to redundancies within companies.
- 3.7 **Retail.** Additional resources were provided to the Economic Development Division for the delivery of a retail initiative. The successful pilot project - Christmas Shop Local – held in November/December 2007 was repeated for Christmas 2008 and 2009 with those spending £20 or more in independent local retailers eligible for participation in a prize draw to win shopping vouchers. In 2009 116 retailers and 5500 shoppers, double the previous year, took part. It is planned to repeat this successful campaign for 2010.
- 3.8 **Food & Drink.** Through guidance from the food and drink and hospitality steering groups established to promote East Lothian food & drink, the Division will be promoting East Lothian and local food and drink companies at consumer and trade shows, producing a Food and Drink directory highlighting the variety of local produce and running the annual Food and Drink competition.
- 3.9 The cost of these initiatives is £140,000.

Tourism

- 3.10 Tourism is a key sector for East Lothian and the economic downturn and the weak pound are deemed to be an opportunity for UK-based tourism – 'staycation'. In 2009 the Homecoming celebrations and programme provided an additional opportunity to stimulate visitor growth.

- 3.11 VisitScotland support. As a result of budgetary reduction, East Lothian Council's discretionary contribution to VisitScotland has been reduced to £53,000 allowing the Council and tourism industry to benefit from participation in VisitScotland marketing initiatives and from continued tourist information provision at North Berwick, Dunbar, Musselburgh, Haddington and East Linton. Due to reduced demand for on-arrival tourist information, there will be reduced opening hours at the VisitScotland Information Centres at North Berwick and Dunbar but council staff will seek to identify the best means of engaging with visitors in partnership with local attractions. The detailed Memorandum of Understanding will indicate where expenditure will be targeted and outcomes expected and will be the subject of a future report.
- 3.12 Also, funding to support tourism initiatives will be provided, including membership of Edinburgh Film Focus and marketing and project development grant support. A visitor survey is proposed during 2010/11 to provide in-depth analysis of visitor requirements and trends. Representation at the Expo trade fair will also the Council and businesses to identify new opportunities. The East Lothian tourism website, www.eastlothian.org, is in the process of revamp to act as a key tourism marketing tool for the county.
- 3.13 Golf. The East Lothian Golf Tourism Alliance is recognised as an exemplar of industry engagement and as such continued support to this group will be provided, including that of the Golf Development Officer. A number of golf-related events are planned for 2010, including the Ladies Scottish Open at Archerfield in August. The promotion of East Lothian golf to national and international audiences is the key priority in the lead-up to the 2013 Open Golf Championship at Muirfield.
- 3.14 **Event development support.** The post of Tourism Events Officer created during 2008-09 enabled the development of specific Homecoming East Lothian 2009 events to complement national activities. A key priority for 2010/11 is maximising the legacy of Homecoming. The focus will be on supporting event sponsors, identifying and providing funding and ensuring economic impact.
- 3.15 A budget of £140,000 for these tourism initiatives is proposed.

Other projects

- 3.16 East Lothian Council manages the Tyne/Esk Leader Programme 2007-13 providing grant support for economic and community projects in rural East Lothian and Midlothian. To administer and manage this programme, £7000 has been earmarked each year from East Lothian Council and Midlothian Council to continue to support the appointment of a temporary Project Officer based at East Lothian Council to develop and implement this programme. To date, over £600,000 has been awarded to East Lothian-based projects.
- 3.17 The East of Scotland European Consortium promotes and represents the common interests of East of Scotland local authorities in European policy

and implementation. East Lothian Council will withdraw from 2010-11 in recognition of the information on European funding and initiatives available from other sources and to meet budgetary reduction target.

3.18 The Alliance for Regional Aid is the body that represents and lobbies for former coalfield and other post-industrial communities across the UK. The Alliance Scotland has developed its own workplan. The subscription rate for 2010/11 is £3388, as 2009/10.

3.19 **Scottish Enterprise monies.** Following the reorganization of Scottish Enterprise, East Lothian Council has been provided with £171,000 additional income. Although no conditions have been imposed on this funding, it is anticipated that this amount will be utilized for economic development purposes and will be the subject of a future report.

4 POLICY IMPLICATIONS

4.1 In line with Government Economic Strategy, Our Contract with the People, Economic Development Division Business Plan, East Lothian Tourism Action Plan

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial – as outlined

6.2 Personnel - none additional

6.3 Other - none

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Susan Smith
DESIGNATION	Economic Development Manager
CONTACT INFO	Tel: 01620 827174, e-mail ssmith@eastlothian.gov.uk
DATE	19 February 2010

Appendix 1 – Grant awardees

COMPANY NAME	PROJECT	Grant applied for	Grant paid	New jobs	Protected
Westgate Gallery	£10,004	£3,000	£3,000		16
Allan Ross Nursing & Homecare Ltd	£10,000	£5,000	£5,000		45
Oriel Management Services	£4,500	£2,000	£2,000	2	1.5
Food Hamper	£5,000	£5,000	£4,431	4	1
Fords the Baker	£10,000	£5,000	£5,000	2	108.5
CNC Machine Services Ltd	£100,000	£5,000	£5,000	1	3
Drem Timber and Fencing Ltd	£8,000	£3,000	£3,000	1	2.5
Bathroom World	£5,556	£2,782	£2,782		8
Nether Abbey Hotel	£5,092	£2,546	£2,546	24.5	
The Toy Box Haddington	£900	£450		2	
DMI Engineering	£25,000	£4,000		2	6.5
Schiehallion	£4,278	£2,139			1
DV Rennie	£1,850	£675			11.5
Ducks at Kilspindie	£12,000	£5,000			14
	£202,180	£45,592	£32,759	38.5	218.5

Note: at 1 February 2010 5 grants waiting to be claimed

Appendix 2 – Loans awarded from East Lothian Investments Ltd

2009 to 2010				
COMPANY NAME	PROJECT COST	loan awarded	new jobs	protected
JS Fitness	£3,832	£2,500		1
2 Wheel Tours	£6,794	£5,000	2	
Strathearn Nursery	£4,000	£3,800	1	7
Allstar Uhlman	£12,500	£10,000		5
Trek 4 Tots	£16,110	£3,000	1	
Old Smiddy	£24,000	£7,000		2
CNC Machining	£86,000	£10,000	1	3
Prestige Cars	£5,750	timed out		
Drivers-eye	£24,500	£8,000	1	1
Dunbar Comm Bakery	£70,000	new model to re-apply	n/a	n/a
Euro Business Solutions	£120,000	£15,000	4	11
Magellan	£26,000	£8,000	0.5	2
Village Store	£2,000	£1,554		1
Alexa Hood	£5,000	£3,000	1	
Bakers Dozen	£22,000	£8,000	4	3
Jen Gould	£3,000	£2,000	1	
Begbie	£6,050	£4,000	1	
Lisa Douglas (Angels)	£9,000	£5,000	1	
Natasha Black	£800	timed out		
Pear Tree Nursery	£260,000	£8,000	5	
Arc Services Scotland	£20,300	£10,000		9
Blinkboddy Garage	£70,000	£5,000	0	0
Different Rhythm	£4,000	£2,500	1.5	
Bass Rock	£7,000	£4,500		1.5
Douglas	£14,000	£5,000		1
Low	£7,000	£8,000	2	
Pooches N Pigs	£8,000	£6,000	2	
DMI Engineering	£25,000	£20,000	2	6.5
Harbour House Hotel	£325,000	£25,000	2	9
Nether Abbey	£25,000	£25,000		24
Totals	£1,212,636	£214,854	33	87

Note: the above number of loans would not have been achieved if the additional funding provided in the form of a loan from East Lothian Council had not been forthcoming.