
FINANCIAL INCENTIVES TO BUSINESS REVIEW GROUP

**Responsible Cabinet Member - Councillor David Lyonette,
Regeneration and Planning Portfolio**

Responsible Director – Paul Wildsmith, Director of Corporate Services

Purpose of Report

1. To report the Environment Scrutiny Committee's recommendations in relation to this Council's Financial Incentives to businesses within the Borough.

Information and Analysis

2. The Environment Scrutiny Committee at its meeting on 22nd June, 2006 established a Review Group to investigate the various schemes available through the Council in order to give financial assistance to businesses and to measure the success of those schemes.
3. The detailed findings of the Group are outlined in the attached report (**Appendix 1**).
4. The Environment Scrutiny Committee at its meeting on 22nd November, 2006, accepted and endorsed the recommendations of the Review Group and agreed to forward the report and action plan to Cabinet for consideration.

Director's Comments

5. This has been a review of the financial incentives currently provided by the Council and I am confident that the recommendations contained in the Action Plan will enable service improvements to be introduced in 2007/08, whilst recognising and responding to the conclusions of the "Taking Forward the Darlington Gateway" research. That research may lead to a review of the balance between different economic development activities.

Outcome of Consultation

6. In undertaking this Review, the Group consulted various Darlington Borough Council staff and undertook Internet research of other Local Authorities and their comments and findings were taken into consideration when compiling the final report.

Legal Implications

7. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

8. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

9. The issues contained within this report do not represent change to Council policy or the Council's policy framework

Decision Deadline

10. For the purpose of the 'call-in' procedure this does not represent an urgent matter

Recommendation

11. It is recommended that :-
 - (a) The recommendations of the Environment Scrutiny Committee, be approved.
 - (b) The comments of Director of Development and Environment be endorsed.

Reasons

12. The recommendations are supported to enable the views of Cabinet to be sought and referred back to the Environment Scrutiny Committee.

Paul Wildsmith
Director of Corporate Services

Background Papers

There were no background papers used other than those referred to in the report.

Karen Graves : Extension 2291
KG

FINANCIAL INCENTIVES TO BUSINESS REVIEW GROUP

FINAL REPORT

Introduction

1. This is the final report of the Financial Incentives to Business Review Group, established by the Environment Scrutiny Committee to undertake a review of various schemes available through the Council in order to give financial assistance to businesses and to measure the success of those schemes.

Background Information

2. At the meeting of the Environment Scrutiny Committee held on 27th April, 2006, it was agreed that a Review Group be established to consider the following areas, namely: the potential for evaluation of the schemes, information available from other Local Authorities, the opportunity to review and revise the Financial Incentives Schemes and quality jobs, the budget implications of the schemes, and financial contributions from Skills for Success and D2E.
3. A wide number of issues have been considered and discussed at the meetings and are referred to in the notes attached including a discussion note (**Appendix 2**). This report describes the outcome of the Review Group, it summarises the work undertaken, the findings from the processes and the subsequent recommendations. A number of longer-term options for the Council to consider are contained in the Action Plan (**Appendix 3**) for continuous improvement in the quality of the service delivery.

Terms of Reference

4. The following terms of reference had been established for the Review Group:-
 - (a) To examine the current situation with regard to financial assistance to businesses that this Council can provide.
 - (b) To investigate how successful the schemes currently operating are.
 - (c) To explore if there is any potential for improving the current schemes.
 - (d) To explore European Funding grant availability.
 - (e) To research promotion of the current schemes to ensure complete public awareness.
 - (f) To undertake comparisons with appropriate parallel schemes operated by neighbouring Local Authorities.

- (g) To compile an Improvement Action Plan.

Membership of the Review Group

5. The membership of the Financial Incentives Review Group comprised Councillors Armstrong, Mrs. Hart, Hartley, Heaney, Lawton, Lewis, Long, Maybrey, S. Robson, Ruck and JC. Vasey.

Acknowledgements

6. The Review Group acknowledges the support and assistance provided in the course of their investigations and would like to place on record their thanks to the following:-

Gwenda Lyn Jones, Economic Regeneration and Tourism Manager, Development and Environment Department.

Caroline Taukulis, Principal Economic Regeneration Officer, Development and Environment Department.

Lynne Groves, Skills for Success Project Officer, Development and Environment Department.

Karen Graves, Democratic Support Officer, Corporate Services Department.

Aim

7. The overall aim of the Review Group was to consider whether the support and level of financial assistance to businesses provided by this Council was successful.

Methods of Investigation

8. The Review Group have met formally three times between 6th July and 19th October and a detailed record of the topics discussed at those meetings are contained in the notes produced following each meeting attached for information (**Appendix 2**).

Current Schemes

9. The following is a brief summary of the Schemes currently operated by this Council:-
- (a) **Financial Incentives Scheme (FIS)** – The scheme is provided through mainstream funding and currently has an annual budget of £135k. The scheme was last reviewed in 2002. Requests for grant applications are accepted to fund sites and buildings development, business investment, product development and marketing. The aim of the scheme is to help businesses invest in Darlington, grow and create jobs.
 - (b) **Falchion Fund (FF)** - This is a loan scheme provided with mainstream funding and the BAT Legacy Fund and is operated jointly with HSBC Bank, with loans of up to £10k being given over a three year period. The administrative work is undertaken by HSBC Bank.
 - (c) **Skills for Success (S4S)** - The Single Programme and the BAT Legacy Fund provide funding this scheme. It was established following the findings of a Skills Audit, which highlighted that training and development were very rare within small businesses. It is

a three and a half year project, which is due to complete in March 2007. The Council engages with small and medium sized businesses to advise on training and required staff skills and also to provide grant assistance of up to 50 per cent of identified training needs. Training is provided for all ages by various methods, which include Darlington College, Private Training Providers and Specialist Trainers.

- (d) **Darlington E-commerce Initiative (D2E)** - This scheme, run in association with Business Link, is funded entirely by the BAT Legacy Fund and aims to support businesses in the development of e-commerce. The other Tees Valley Authorities do not deliver such a scheme.
- (e) **Inward Investment Incentive (III)** – Funded by the BAT Legacy Fund, this scheme was established this year and is designed as a flexible incentive to encourage new businesses to Darlington.

Financial Implications

- 10. The Action Plan contains a number of recommendations that have a financial consequence. The Review Group recognises that the Council currently has limited resources and these spending aspirations will need to be viewed within the overall competing priorities and service delivery pressures throughout the Council.

Conclusions

- 11. The Group concluded that:
 - (a) The current Financial Incentive Scheme be revised as recommended in the paper presented to the review group on 19 October 2006 (**Appendix 2**).
 - (b) The Action Plan takes account of any emerging issues arising from “Taking Forward the Darlington Gateway” research.
 - (c) External funding opportunities be explored in order to maximise the support available to the Darlington economy.
 - (d) The Review Group considers that it has made an effective contribution to examining issues surrounding financial incentives to businesses.

Recommendations

- 12. It is recommended that:-
 - (a) The Environment Scrutiny Committee endorse the findings and recommendations of the Financial Incentives Review Group.
 - (b) The Improvement Action Plan (**Appendix 3**) be adopted to achieve the objectives and that, in view of the financial constraints, all proposals be prioritised and financed from existing budgets, as resources allow. All opportunities for external funding should also be explored wherever possible.

- (c) The Environment Scrutiny Committee undertakes the monitoring of the Action Plan.
- (d) That the existing name of the scheme – the “Financial Incentives Scheme” – was considered to be confusing to some businesses and that it should be re-named to the “Business Grants and Loans Scheme” in the interests of clarity.

Financial Incentives to Business Review Group

**NOTES OF MEETING
FINANCIAL INCENTIVES TO BUSINESS REVIEW GROUP**

6th July, 2006

PRESENT – Councillor S. Robson (in the Chair); Councillors Mrs. Hart, Lawton, Lewis, Maybrey and Ruck.

Apologies – Councillors Armstrong, Hartley, Heaney, Long and J.C. Vasey.

Officers in Attendance – Gwenda Lyn Jones, Economic Regeneration and Tourism Manager, Caroline Taukulis, Principal Economic Regeneration Officer, Lynne Groves, Skills for Success Project Officer and Karen Graves, Democratic Support Officer.

Councillor Robson opened the meeting by welcoming the team of officers who would be part of this Review and advised that she hoped to see what was currently available and set Terms of Reference today.

The following points were discussed/considered :-

Financial Incentives Scheme (FIS)

- The scheme is provided through mainstream funding and currently has an annual budget of £135k which was last reviewed in 2002 during the Best Value Review of Regeneration. Requests for grant applications are accepted to fund sites and buildings development, business investment, product development and marketing.
- The Panel meets on a monthly basis to consider any applications and the aim is to help business flourish and grow in order to create jobs.
- Payment of the grant is made up-front because it is difficult to hold back a grant as development is inhibited and jobs not produced. Monitoring visits are undertaken to ensure the business project proceeds and the jobs have been created.
- Varying amounts of applications are received every year with requests from between £3k to £5k for a small business and £10k (the maximum amount) for larger businesses.
- Last year 26 applications were processed. However a larger number of enquiries are made but not followed through due to their ineligibility.

Falchion Fund (FF)

- This is a loan scheme provided with mainstream funding and the BAT Legacy Fund and is operated jointly with HSBC and is applied for if there are any gaps in funding and contributes to the overall package. On average £100,000 in loans is given per year.
- Loans of up to £10k can be given over a three-year period with the interest rate being one per cent above the Bank's base rate.
- The administrative work is undertaken by HSBC Bank.
- Once repaid the money is 'put back into the pot' for other applicants. Loans are given on the basis of 50 per cent each by HSBC and the Local Authority.

Skills for Success

- This scheme is funded by the Single Programme and, again, the BAT Legacy Fund. It was established following the findings of a Skills Audit which demonstrated that training and development was very rare within small businesses. It is a three and a half year project which is due to complete in March 2007. To date there have been 70 learning opportunities provided.
- The Council engages with small and medium sized businesses to advise on training and required staff skills and also provide grant assistance of up to 50 per cent of identified training needs.
- One-third of the training undertaken has been in management skills, with IT and office skills being the most common identified training need.
- The Council is currently working with 2350 businesses and as a three-year project the benefits can be seen.
- The scheme is unique to Darlington with Business Link having something similar, but as it covers the Tees Valley, there is very little money available.
- A large number of self-employed people have undergone training.
- Training is provided for all ages by various methods which include Darlington College of Technology, consultants being brought in, trainees being sent to other regions where training is available and the internet also provides a good source of learning opportunities.

- There is currently half of the year's funding available.

D2E

- This scheme is funded entirely by the BAT Legacy Fund and aims to support businesses in the development of e-commerce. To date 35-40 businesses have been assisted.
- Many businesses are parochial in their ways and would benefit from a modern way of thinking.
- Basically – two consultants interview the business – assess business needs – assist with sourcing tenders – then a Panel determines the award of grants.
- Processes then become quicker and more efficient, potential is realised and new business ideas come forward. Applicants can receive up to 45 per cent grant.
- The scheme is run in association with Business Link and the other Tees Valley Authorities do not have this.
- Job creation is coming out of the scheme as businesses are doing really well once they have realised they need to improve and cannot afford to stand still.

Inward Investment Incentive (III)

- III started this year and is designed as an incentive to encourage new businesses to Darlington. The target for the year is to create 90 jobs.
- It is hoped to attract businesses that will stay in Darlington and is a flexible package for inward investment.

The Review Group then gave consideration to its Terms of Reference.

IT WAS AGREED – (a) That, prior to the next meeting, further statistical information relating to the five business support schemes listed above, including some case studies where appropriate, be circulated to Members in order for them to have a greater idea of the scope of the schemes.

(b) That the following be this Review Group's Terms of Reference :-

- Examine the current situation with regard to financial assistance to businesses that this Council can provide.
- Investigate how successful the schemes currently operating are.

- Explore if there is any potential for improving the current schemes.
- Explore European Funding grant availability.
- Examine current promotion of the schemes to ensure complete business awareness.
- Undertake comparisons with appropriate parallel schemes operated by neighbouring Local Authorities.
- To compile an Improvement Action Plan upon completion of the review.

(c) That the next meeting of this Review Group be held on 7th September, 2006 commencing at 9.30 a.m.

**NOTES OF MEETING
FINANCIAL INCENTIVES TO BUSINESS REVIEW GROUP**

7th September, 2006

PRESENT – Councillor S. Robson (in the Chair); Councillors Mrs. Hart, Hartley, Lawton, Lewis, Maybrey and Ruck.

APOLOGIES – Councillors Armstrong, Heaney, Long and J.C. Vasey.

Officers in Attendance – Gwenda Lyn Jones, Economic Regeneration and Tourism Manager, Caroline Taukulis, Principal Economic and Regeneration Officer, Lynne Groves, Skills for Success Project Officer and Caroline Thomas, Democratic Support Officer.

Councillor Robson opened the meeting, referred to the information requested at the last meeting and thanked the Officers for the detailed information pack which had been provided prior to this meeting. It was agreed that the Group would work through the contents of the pack and seek any points of clarification.

The following points were discussed/considered:

Leaflets for Financial Incentive Grants, Falchion Fund, Skills for Success Project and Guide to Business Support Services

Particular attention was given to the Guide to Business Support Services.

It was noted that 1000 copies of this Guide were produced in June 2006 following a review of the contents of the leaflet.

It was suggested that making the Guide and other leaflets available at the main Town Hall reception and the library be considered, although, Members were advised that the leaflets were targeted at certain venues including, Morrison's Training Centre; Darlington Business Venture; Clive Owen & Co.; business intermediaries such as solicitors; and other business support networks.

Business Support Team – Enquiry Analysis (Appendix 1) and Promotion of Business Support Services (Appendix 7)

Members examined the enquiry analysis for 1st April 2005 to 31st March 2006 and discussed the proactive way in which the Council promoted its business support services.

Members offered their continued support and commended the work of the Team to date.

Financial Incentives Scheme – Statistics (Appendix 2)

It was noted that Councillors S. Robson, Ruck and Lyonette were members of the Financial Incentives Panel.

The Financial Incentives Fund had not been spent in full in any of the previous four years.

This was attributable to the 'job creation' criterion, which meant that many firms did not qualify.

Members felt that this criterion may be preventing full use of the fund and identified this as an area for further investigation.

Members also suggested that the grant ceilings be adjusted to take account of the time value of money and again, asked to look at this area in more detail at the next meeting.

A situation whereby the number of qualifying businesses could outstrip the means of the fund was discussed and the need to be mindful of the Council's priorities of encouraging prosperity and creating more jobs was highlighted.

The fund also required a measurable output, which if not job creation, would need to be replaced by a different quantitative measure.

Reference was made to Appendix 2(i) and of 53 enquiries to the Financial Incentives Scheme it was noted that 5 grants had been approved, 15 were considering an application and 4 were in the application process.

Falchion Fund – Loan Scheme Statistics (Appendix 3)

Particular reference was made to the 30 jobs, which were protected as a result of the Falchion Fund.

If an applicant were ineligible for a particular grant, they would be sign posted to other support where appropriate.

Skills for Success - Project Statistics (Appendix 4)

This scheme, funded mostly by the Single Programme, but with an additional contribution from the BAT legacy would end in March 2007 after much success.

The Darlington Gateway Research was discussed and the College was highlighted as a key partner in closing the skills gap and recruiting and retaining graduates in the area.

Darlington E-Commerce Initiative (D2E) – Evaluation Report (Appendix 5)

- The success of the D2E scheme in broadening horizons and creating 18 jobs was noted.

- D2E has successfully helped 35 businesses through a process whereby consultants advise companies on e-commerce potential and assist them in drafting tender specifications.
- D2E is time limited in that once granted it had to be used within 6 months, although part payment through project stages was possible.
- Consideration was given to the evaluation report and lessons learned from the process and officers suggested that revised guidance be issued to companies so that they set more time aside to consider their expectations/outcomes of the project.

Inward Investment Incentive (Appendix 6)

- Discussion ensued on the first applicant to have had a grant approved through the scheme and another application was reported to be in progress.

Business Support in Darlington and Neighbouring Authorities (Appendix 8)

- The Group were interested to see how Darlington compared to its neighbouring authorities in terms of business support offered and the sources of funding, although the difficulty of comparing the variety of schemes was highlighted.
- Some of Darlington's schemes, especially D2E, were reported to be classed as 'Leading Edge' across the region.
- A Business Development Officers Group meet on a monthly basis to share experiences across authorities.
- The Group asked to consider whether our neighbouring authorities had any schemes from which we could learn or improve and that this also be considered at the next meeting.

IT WAS AGREED – That the following issues be considered at the next meeting:

- (a) The job creation criterion for the Financial Incentives Scheme and whether this affected the full utilisation of the fund.
- (b) The need to revisit the grant ceilings to take account of the time value of money.
- (c) Whether neighbouring authorities had any schemes, which Darlington had not tried and from which we could learn.
- (d) Any gaps identified in the provision, promotion or funding of the Council's business support schemes.

(e) Any further areas for investigation.

(Members asked that arrangements be made for the next meeting to be held on a Thursday morning in October)

Financial Incentives To Business Review Group

Meeting to be held on Thursday 19 October 2006 at 9:30am

Committee Room 3

Introduction:

Following the meeting of the Review Group on 7 September 2006, Officers have considered the issues raised by members, which were recorded in the notes of the meeting, issued on 28 September 2006.

This paper is presented to members for discussion at the meeting to be held on 19 October 2006. It addresses the issues raised and offers options that members might wish to consider as part of the review process.

Issues:

a) Job creation criterion of the Financial Incentives

There is evidence that some companies are precluded from applying for the grants because of their inability to commit to job creation, particularly when many businesses are looking at quality issues of work smarter, leaner and have staff multi tasking. An option to include these businesses could be:

- For those businesses unable to forecast job creation and where they present a worthy business case for support, Officers could look at an alternative key performance indicator e.g. Gross Value Added where a company's projected profitability could be measured. For those businesses that can forecast jobs we could continue with the existing indicator. By offering this flexibility to our grant criteria it would recognise the investment that businesses are making in new technology and improved ways of working.

b) Grant ceilings

i) Unit Cost

Many businesses feel that the current £500 per job (set in 1997) is insufficient when balanced with the application process they need to go through, particularly if a small number of jobs are being forecast. Options could be:

- Raise the grant to £1000 per unit to take account of inflation and the higher level of grant offered by some other authorities in the Region. The

increase in funding may encourage those applicants that have previously not applied because of the application process to come forward.

- Introduce a two-tier grant system depending on the type of jobs being created. There could be a lower level of £500 for low skill level jobs and a higher level for more professional type job creation. This would be in the spirit of “Taking the Darlington Gateway Forward” which recommends that we develop more higher level / professional jobs.

Issues: A two tier system may not be straight forward as many small / medium sized companies that expand, generally choose to create jobs at a supervisory and or skilled level and promote in house with new jobs being created at a lower level.

Those companies planning to recruit higher paid workers are often offering Business to Business services where expansion is not as costly as perhaps a manufacturing company planning to recruit low level workers and needing to invest in costly plant and equipment.

ii) Ceilings within grants:

The current grant ceilings were set in 1997/8

Sites & buildings	£15,000
Business Investment grants	£15,000
Product development	£10,000
Business Marketing	£ 1,500

Option: To raise the grant ceiling to take account of inflation and the proposal at (b) above to raise the unit cost. Increased ceilings could be:

Sites & buildings	£20,000
Business Investment grants	£20,000
Product development	£10,000
Business Marketing	£ 2,000

c) Neighbouring Authorities

Some of Darlington’s schemes e.g. Skills for Success, D2E, Inward Investment are considered leading edge projects. Research into what neighbouring Authorities are doing has not highlighted anything that is particularly inspirational. Hartlepool has a number of “Into work” type schemes that are funded through funding streams that are not available to Darlington e.g. New Deal for Communities and the Neighbourhood Renewal fund. Middlesbrough has

introduced some new grants but they are comparable with our Inward Investment and Business Link's subsidised consultancy scheme. Despite not being able to access funding that is available to some of our neighbouring authorities we have benefited from the Single Programme (Skills for Success project) and the British American Tobacco legacy and it would seem that we are taking the lead on innovation.

d) Gaps identified in provision

We might consider:

(i) Grant eligibility.

Under the current rules we do not invite applications from manufacturing businesses that serve a public market and from professional and financial services and public sector.

- **Manufacturing serving a public market:** Such businesses often require high levels of start up investment and come with the promise of job creation.

Option: To recognise the contribution that these businesses make to the economy we might consider revising the current rules to include manufacturing and assembly / installation, irrespective of customers being from the general public. *Note we would wish to exclude those business engaged in food preparation e.g. sandwich shops and restaurants.*

- **Professional & financial services:** Current rules invite applications from architects and employment agencies on the justification that they serve a Business market. However we exclude accountants, estate agents, mortgage brokers.

Option: To embrace the recommendations of developing more higher level / professional jobs as proposed under "Taking the Darlington Gateway Forward" and revise the existing eligibility to include the support for all businesses in this sector.

(ii) Support for home based businesses

Technology has changed the workplace and many start up businesses minimise their initial costs by using the home / garage as a base. Currently these businesses are excluded for the present scheme. Research shows that some other Councils have widened their scope and are offering start up grants to those operating from home:

- *Stockton* has a pre start up grant of £500 available to unemployed residents living in certain areas that qualify for Neighbourhood Renewal Funding.
- *Derwentside* has up to £3,000 for start-ups home and commercially based. Called Emerge, it is part funded by SRB 6 and Council core funding.
- *Hartlepool* has a self-employment start up grant of £500 available to all residents, home or commercially based. It is funded from core budget.

Option: To provide a grant to those home-based businesses, providing Business-to-Business services and manufacturing including any other changes that members wish to make to the current eligibility as proposed above. A grant of £500 would provide some initial support and show willingness on our part to support businesses in the early start up stage. Our intervention could increase the chances of success and establish contact for the future.

Note: Officers will need to check with rates and planning sections on the implications and if accepted may need to simplify the application process given the small amount of assistance offered.

(iii) Business Marketing grant

We currently do not invite applications from businesses employing over 10 employees. (This grant is not linked to job creation.)

Option: Lift the restriction on business size.

(iv) Large companies

Current support does not extend to companies employing more than 250 employees. From time to time we are approached by some of our large companies for help. Data from the Tees Valley Joint Strategy Unit highlights that we have only 11 companies that fall within this size band.

Option: Given the small number of companies involved balanced with the few requests for help that we receive, members may wish to consider extending our support to include this size band. In exchange for the small amount of grant we are able to offer would recognise the investment and employment opportunities they have created and foster good relationships.

e) Further areas for investigation

i) Time for a name change

It is felt that the current title “Financial Incentives” name that we inherited from Durham County Council does not effectively describe what we offer.

Option: Rename the grants to “Business Grants”.

ii) Discussion document for members re additional staffing

See appendix 1 attached.

European Funding and Assistance to Businesses

The aim of European structural funding is to support economic areas adjusting to industrial or structural decline.

The European Funding programme 2000 – 2006 has been channelled into structural funds such as supporting infrastructure at Faverdale East Business Park, and an application for Central Park is pending.

The previous European programme (1994 – 1999) did include some local grants schemes for businesses. This has not been repeated within the current programme. However European funding has been utilised within business support programmes. Business Link, Prince's Trust, One North East and the universities have been the major recipient of European funding to deliver start up services, consultancy programmes, and loan funding across the region. Businesses in Darlington have indirectly benefited from European funding via sub regional programmes.

The European Community has been enlarged with the addition of 12 new member states. The focus of European funding will be directed towards the eastern European states to support their economies and bring about social and economic cohesion.

There will be some European funding coming to the UK from 2007 – 2012, and it is likely that there will be fewer resources. It is not yet clear how this will be distributed. It is recommended that officers maintain a watching brief with regards European funding and to respond to new guidelines as and when these become available.

Economic Regeneration Officer Posts (additional)

The primary current focus of the Business Support Team is to predominantly support small to medium sized businesses (SMEs) employing less than 250 employees. The Council's current business support programmes tend to focus upon those businesses employing less than 10 employees. The rationale for this is to support start up and businesses with potential to grow.

"Taking the Darlington Gateway Forward" is a piece of work that has been commissioned by the Council to identify growth sectors for Darlington, and the type of initiatives to support to encourage sustained economic growth. The document is still work in progress however it highlights that there is a need to support indigenous companies and large companies within Darlington over the period 2006/2015.

There are a number of large companies within Darlington employing more than 250 employees. These are generally well-paid jobs requiring higher-level skills. These multi-national companies are focussed upon meeting global objectives reporting to overseas Head Quarters, and must meet targets to generate certain levels of return. There are few additional funds to support training and recruitment. These businesses risk future relocation if the skills base cannot meet the current and future business needs of that company. Traditionally our major companies have not sought help from the local or regional business support network, many schemes exclude large companies expecting these companies to have sufficient funds to support their own training and recruitment.

The Council and regional economic development partners have been in discussion with some of our key Darlington major employers. It has become apparent that some of our major companies are unaware of the potential support and programmes operated by regional partners such as One North East and the Learning Skills Council. It is also evident that the major companies and business support partners need to engage and work more closely at the local level. They need to raise awareness and aspirations of students in school and at colleges. The potential future workforce needs to be made aware that there are good career opportunities and well paid professional jobs within companies such as Amec, Whessoe, Cleveland Bridge and Orange. Our major employers state that there are skills shortages that are not being met by current training providers. There is a need for closer engagement between major companies and training providers and funders of training.

There is a role for a local post within the Council to be created to support indigenous companies within Darlington. Our regional business support partners are located away from Darlington, and are going through organisational restructure focussing upon national and regional objectives. They do not have the time or the capacity to work upon local initiatives to support district businesses. It can be argued that there is a role for the local authority to develop this role.

Officers would recommend to Members that the potential for funding such a fixed term post is investigated between the Council, Learning & Skills Council and British American Tobacco Legacy Fund.

There is a role for an additional post to be created within the Economic Regeneration and Tourism Section. From 2006/07 the current structure of the Business Support Team will reduce from seven staff posts to four. This is because three of these posts are currently funded from external sources, with little likelihood of renewal as regional providers seek regional initiatives not district ones. This leaves a Business Support Team of a Principal Economic Regeneration Officer, two Economic Regeneration Officers and a Marketing Assistant. This new role cannot be accommodated with a reduced staff structure.

There is also a need to investigate the possibility of an additional officer post to support the British American Tobacco Legacy Fund for the next two years. The current Legacy Fund supports the Falchion Fund, Skills for Success and the e-commerce programme upon the basis of a staff complement of seven. Partners will need to consider how the Legacy Fund of £350,000 over 2007/08 and 2008/09 can be delivered to the town and benefit of Darlington businesses with reduced staffing levels. Members are recommended to ask Officers to investigate the funding of an additional Economic Regeneration Officer post to deliver the British American Tobacco Legacy.