Economic Evaluation of South of Scotland Loan Scheme

Final Report

for

SEBSED Ltd

June 2008

EKOS Limited

economic development & regeneration

Registered Office: Glasgow
St George's Studios
93-97 St George's Road
Glasgow, G3 6JA

Tel: 0141 353 1994

Inverness
10 Culduthel Mains Crescent
Inverness
IV2 6RG

Tel: 01463 729294

Registered in Scotland Reg No 145099

email: ekos@ekos.co.uk web: www.ekos-consultants.co.uk

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1. Introduction

1.1 Background

This report is presented in response to a brief issued by SEBSED for a final evaluation of the South of Scotland Loan Scheme (SoSLS). The South of Scotland Loan Scheme was formally established in February 2004 and is managed by SEBSED Ltd, a company administered by Scottish Enterprise (SE). Wigtown Rural Development Company (WRDC) is the Scheme Administrator and undertakes day-to-day management.

The objective of SoSLS is to deliver economic added value in the South of Scotland. This is achieved by offering soft loans as part of a wider package of funding support for businesses identified as having job creation and growth potential.

SEBSED commissioned EKOS Economic Development and Regeneration to undertake a review of the loan Scheme in April 2008. The purpose of the review was to quantify the results of the Scheme to date, in line with EU funding requirements. The evaluation will also be used to inform future decisions with regards to the future operation of the loan Scheme and the potential to deliver a legacy project within the South of Scotland using surplus funds, if identified as appropriate through the evaluation.

This report is a final evaluation of the loan Scheme from its inception in February 2004 to June 2008. An interim evaluation was conducted by EKOS in June 2006 and was used by SEBSED Ltd to establish an exit strategy for the Scheme post December 2008, and consider the possibility of a legacy project.

This report presents the progress of SoSLS till the end of May 2008. **Appendix 1** presents an addendum to the report that provides a review of progress against ERDF targets (as outlined in Section 5) to the end of the eligible ERDF funding period (June 2008).

1.2 Study Objectives

The specific objectives of the evaluation, as identified within the study brief, include:

- economic evaluation of the loan Scheme to date;
- examination of the outputs and results of the individual loans; and
- review the loan Schemes management and monitoring.

In order to meet these three key over-arching study objectives, a research method was devised by EKOS, as detailed below.

1.3 Study Method

The study was undertaken in four stages, as outlined in the proposal submission:

- Stage 1 Inception and Set Up – agree the detailed study method with the client and source any appropriate documentation and key stakeholder and beneficiary business contact details. The output of this stage is the development of a detailed study method;

- Stage 2 Primary Research – conduct interviews with programme stakeholders, partners, business advisors and undertake telephone interviews with 20 beneficiary businesses. The output of this stage is a completed consultation and business interview programme;

- Stage 3 Analysis, Review and Outline Presentation – analysis of the consultation findings and review of financial/operational data provided by the Client and Scheme Administrator. Following this, conduct an economic appraisal of the quantitative gross and net impacts of the loan Scheme. The output of this stage is the preparation of a draft report and interim presentation to the SEBSED board and key stakeholders; and

- Stage 4 Final Reporting – after presentation of the study findings and submission of the draft report, any issues or recommendations will be addressed before submission of our final report.

1.4 Structure of Report

The remainder of the report is structured as follows:

- **Chapter 2**: Project Background;
- **Chapter 3**: Business Surveys;
- **Chapter 4**: Stakeholder/Advisor Consultations;
- **Chapter 5**: Impacts and Benefits;
- **Chapter 6**: Economic Appraisal; and
- **Chapter 7**: Conclusions and Recommendations.

2. Project Background

2.1 Project Description

In April 2003, the Scottish Enterprise Board approved £3.9m for a joint project by SE Dumfries and Galloway (SEDG) and SE Borders (SEB) entitled the South of Scotland Loan Scheme (SoSLS). The objective of the Scheme was to deliver economic added value in the South of Scotland by offering soft loans as part of a wider package of funding to support projects in businesses identified as having the potential for growth and job creation. To create the Scheme, approval was sought to recycle the loan repayments from previous Schemes:

- SEDG and SEB: Foot and Mouth Loan (FMD) Funds;
- SEB: New Ways Loan Scheme; and
- SEDG: Business Development Loan Scheme (BDLS).

A new company, SEBSED Limited was established in March 2003 to oversee the management of the Scheme on behalf of both Local Enterprise Companies (LECs) with all shares owned by Scottish Enterprise.

Day to day management of the Scheme is undertaken through a contract with Wigtown Rural Development Company (WRDC) which also has a residual contract to manage the outstanding FMD loans. A panel comprising one member of staff from each LEC and chaired by a SEBSED Board member considers and approves individual loan applications.

2.2 Project Objectives

The objective of SoSLS is to deliver economic added value in the South of Scotland. This is achieved by offering soft loans as part of a wider package of funding support for businesses identified as having job creation and growth potential.

2.3 Project Delivery

SEBSED Ltd secured ERDF Objective 2 funding of £462,547 (available to draw down until 30 June 2008) to match those funds which had not been matched in the previous Schemes, which are lent to eligible businesses. This and previous EU funding is subject to certain conditions, including the requirement to undertake a final evaluation of the Scheme.

Under the terms of the SE project approval, a three-year deadline for funding approval was technically reached in April 2006, however, based on the interim report and discussion with SE in February 2006, the SoSLS was granted an extension to operate till December 2008. It now operates across the South of Scotland in parallel with the new "Scottish Seed Fund" (SSF).

The SSF is the SE Network wide product, providing loan and equity finance to Scottish companies. It is concentrated on growing businesses at the first round of fundraising, and is therefore not focused at the seed, start-up or very new stage within the business formation cycle.

Although the company of SEBSED Ltd was officially formed in March 2003, the SoSLS has only been fully operational since March 2004. This was due to the unique nature of the Scheme, the corresponding exceptional governance arrangement set up around the company and the time taken to build both a comprehensive management structure and marketing strategy.

To date the take up of funds is as follows: 40 loans have received funding at a total value of £989,190, of whom 38 were eligible for ERDF funding support[1]. There are a further six loans that are outstanding and awaiting approval that could account for at least an additional £190,000[2].

SEBSED Organisational Structure

The range of funding organisations supporting SoSLS led to a mixed organisational structure of the Scheme. There are also a number of bodies and personnel that contribute to the overall management and operation of the SoSLS.

An organisation chart highlighting the appraisal stages within the SoSLS is shown in **Figure 2.1** below.

In the past, the Board of SEBSED consisted of six representatives from SE (formerly across SEB and SEDG). It carries all the duties and responsibilities of a Board of Directors including holding regular Board meetings including an AGM, making policy and strategic decisions about the running of the company and ensuring that the Scheme is managed in a fair and reasonable manner. Any business not successfully supported by the SoSLS can bring their rejected application to the attention of the SEBSED Board.

The Board has a Chairman who holds the casting vote for SEBSED Ltd. The Chair is also a member of the SEBSED panel, ensuring a direct link is maintained between the panel and the Board. In addition, the Board has a company secretary who is an SE Director and has responsibility for all the legal duties that the post requires.

Board membership changed at 1 April 2008 following SE reorganisation and disbanding of the LEC Boards. The current Board comprises three SE staff members plus one previous LEC Board member. We understand that two of these four individuals are also members of the SEBSED panel.

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[1] Two businesses are located in Peebles and therefore not eligible for EU support.
[2] One business did not reported the amount of loan funding required.

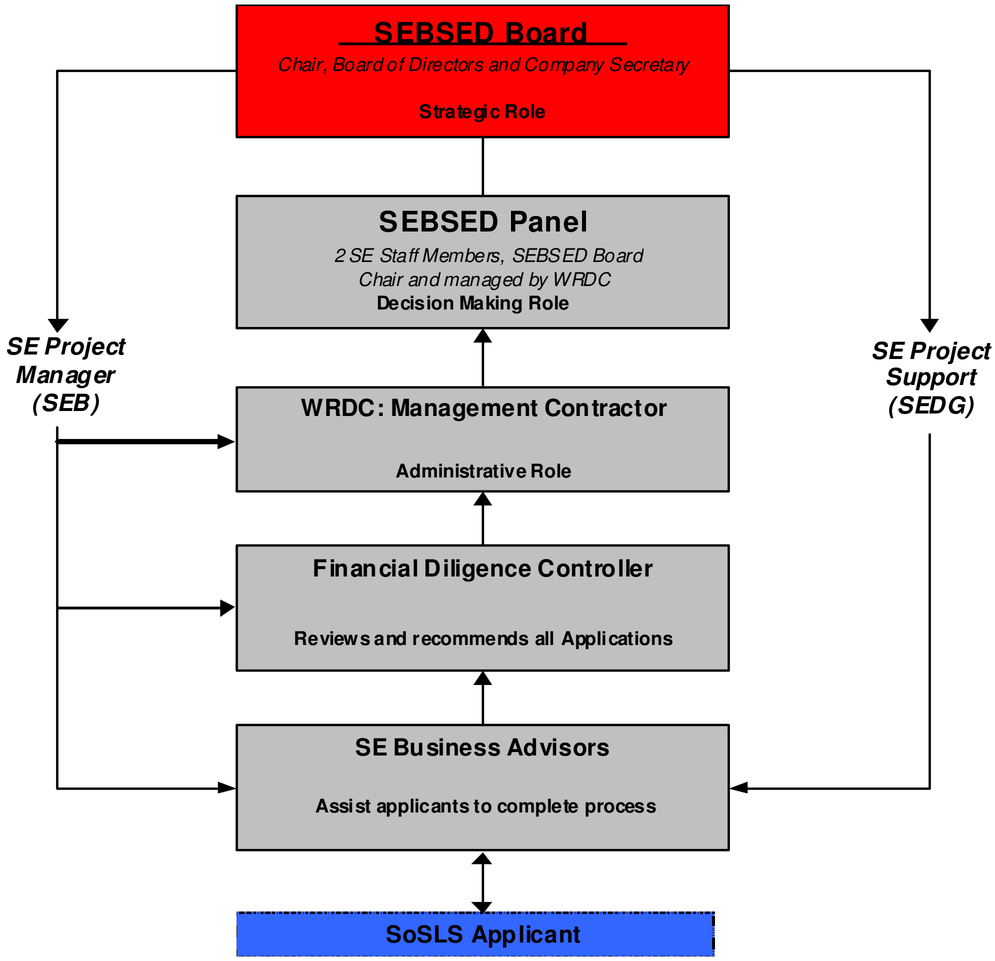

Figure 2.1

The SEBSED panel formerly consisted of two SE staff members (one formerly from each LEC) plus the SEBSED Board Chair. The panel is managed by WRDC and meets fortnightly if required to review any submitted project applications and make formal decisions with regards to support. Since SE reorganisation the panel has consisted of 1-2 SEBSED Board members plus 1-2 SE staff.

Project managers from SE exist to offer operational support to business advisers. Whilst the role of these project managers has changed with the development of the Scheme, key duties include:

- management of the WRDC contract;
- maintaining financial records of all transactions in each LEC bank account;
- maintaining SEBSED files;
- working with accountants, auditors and tax advisers in the relation to the Scheme;
- providing information on the operation of the Scheme at Board meetings and to business advisers; and
- checking EU claims and managing any changes to the EU project.

3. Business Survey

In order to fully understand the impact of SoSLS it was important to engage with companies that had received support. We therefore undertook interviews with businesses that had received SoSLS support to identify the significance of the impact of the Fund.

3.1 Introduction

In total 40 businesses were approached and 20 participated in the survey by telephone or by postal return, giving a total response rate of 50%, meeting the target response rate.

The business survey was a mix of open-ended and multiple choice questions and sought to obtain information on:

– background business details and performance;

– awareness of SoSLS;

– the application process;

– project details;

– impact of SoSLS support; and

– company perceptions.

3.2 Survey Sample Background

The survey gathered details on the nature of the business and also how long the company has been established. The businesses that took part in the survey have been established from 1967 to 2006. **Table 3.1** reports the industry that the businesses operate in.

Table 3.1: Nature of Main Business Activity

	Number	%
Food related activities	1	5
Textiles	1	5
Education/training	3	15
Engineering	1	5
Other manufacturing	5	25
IT/telecommunications	1	5
Distribution	1	5
Service sector	3	15
No reply	4	20
Total	**20**	**100**

The majority of the respondents, 5 (25%) were involved in other manufacturing, 3 (15%) service sector and 3 (15%) education and training.

All of the businesses that took part in the survey provided financial information. **Table 3.2** details the current sales levels with the companies

Table 3.2: Current Sales Levels Within the Company

	Number	%
Under £49,999	0	0
£50,000-£99,999	1	5
£100,000-£249,999	3	15
£250,000-£499,999	5	25
£500,000-£999,999	2	10
£1,000,000-£4,999,999	8	40
£5,000,000-£9,999,999	1	5
£10m +	0	0
Total	**20**	**100**

Nearly half of the businesses (45%, 9) have sales of more than £1,000,000. Eight businesses have sales of between £1,000,000 and £4,999,999, with a further one business having sales greater than £5,000,000.

Respondents were asked how their sales have changed over the last three years and their expectations for sales over the next three years. **Table 3.3** reports the results.

Table 3.3: Sales Information

	In the Last 3 Years		In the Next 3 Years	
	Number	%	Number	%
Increase	18	90	17	85
Decrease	0	0	0	0
Same	1	5	2	10
No reply	1	5	1	5
Total	**20**	**100**	**20**	**100**

One business indicated that sales have remained the same but the majority of the respondents, 18 (95%), indicated that sales have increased over the last three years. One business did not provide this information.

When questioned about their future sales over the next three years, 17 (89%) businesses anticipate increased sales, while two businesses expect sales to the remain the same as present.

None of the businesses had experienced a decrease in sales over the last three years and do not expect to do so over the coming three years.

For those businesses that reported an increase in sales over the last three years, the size of the increase was generally 10-20% and the reasons given were:

- new business/customers;
- natural growth in business; and
- improved reputation.

The businesses were also asked to provide details of where their business sales come from. Three of the businesses indicated that all of their sales come from within the South of Scotland, with a further four businesses reporting that they generate the majority of their sales within the South of Scotland. Of the remaining 13 businesses, 12 indicated that the main proportion of their sales came from Scotland and the UK. One business indicated that 90% of its sales came from overseas, the only business with such a high proportion.

The businesses were asked to provide their thoughts on how their market focus has changed in the past or how it will change in the future. The businesses that answered this question indicated that their market has been fairly consistent and has not undergone much change. Some of the businesses did indicate that they expect the market for their product to expand in future.

The businesses were also asked to provide information on profit levels, as reported in **Table 3.4**.

Table 3.4: Profit Information

	In the Last 3 Years		In the Next 3 Years	
	Number	%	Number	%
Increase	11	55	16	80
Decrease	5	25	2	10
Same	4	20	2	10
Total	**20**	**100**	**20**	**100**

The majority, 11 (55%), of the businesses indicated that their profit levels had increased over the last three years. Five businesses indicated that their profit level had decreased and a further four businesses indicate that it had remained the same.

The businesses were positive about future profit levels with the majority, 16 (80%), stating that they expect profit levels to increase in the next three years. Two (10%) of the businesses expect profit levels to decrease in the next three years and a further two businesses expect profit levels to remain the same.

The businesses were asked to provide details on how much profits have risen and the reasons behind this rise over the last three years. Businesses experienced a rise in profit from 10%-100% for the following reasons:

- re-investment in the business;
- improved reputation of business;
- more focus on own business costs; and
- improved business processes.

Businesses that experienced a decrease in profit over the last three years cited rising prices and increased competition as the main reasons.

Of the businesses that expect a rise in profit over the next three years, in general a rise of 20%-75% is expected. The following reasons were given for this expected rise:

- increased sales;
- natural business growth; and
- entering new markets.

Businesses that predict a decrease in their profit level over the next three years expect the following to restrict their profits:

- increased competition;
- increased margins; and
- the Global Credit Crunch.

Table 3.5 reports on the product market that the businesses are operating in.

Table 3.5: Product Market

	Number	%
Growing strongly	1	5
Growing	11	55
Static	8	40
Declining	0	0
Declining strongly	0	0
Total	**20**	**100**

None of the businesses indicated that the market for their product was declining. The majority of the businesses, 12 (60%), reported that their product is growing (11) or growing strongly (1). Eight (40%) businesses reported that the market for their product is static.

Table 3.6 reports the total level of current employment, broken down by full-time, part-time, male, female, ethnic minorities and disabled people.

Table 3.6: Current Employment		
	Number of responses	Total Employees
Full-time	20	310
Part-time	18	67
Male	20	188
Female	20	189
Ethnic Minorities	17	1
Disabled People	19	4
Total		**377**

From the responses received, the business sample employ 377 employees, an average of almost 19 employees per business. The majority of these employees are full-time 310 (82%). The number of employees is evenly split between male (188) and female (189). Within the business sample, there is one employee who is an ethnic minority and four employees that are disabled.

Table 3.7 further analyses the employment information given by the business sample, showing how the total level of employment has changed over the past three years and how they expect it to change over the next three years.

Table 3.7: Past and Future Employment				
	In the Last 3 Years		In the Next 3 Years	
	Number	%	Number	%
Increase	16	80	17	85
Decrease	0	0	0	0
Same	4	20	3	15

The majority of the businesses, 16 (80%), report that their level of employment has increased in the last three years. The other four businesses reported that their level of employment had remained the same with no business indicating a decrease in the level of employment.

The main reason that the businesses provided for the rise in employment is due to the natural growth of the business. Most businesses reported a rise of between one and four employees, with the exception of two businesses which experienced a rise of 12 and 13 employees each.

In the next three years the majority of the businesses, 17 (85%), expect employment to increase. Three of the businesses think that employment will remain the same but none expect a decrease in employment. Overall, this indicates that the businesses expect positive future performance.

The main reason given by respondents for the rise in employees is due to the natural growth of the business. On average, the businesses expect to take on between one and four additional employees with the exception of one business which expects to take on 10 new employees.

3.3 Awareness of Loan Fund and Application Process

The next part of the questionnaire sought to obtain information from the businesses on the application process, any issues they had in relation to process and other business support they might have applied for.

Table 3.8 reports how the businesses became aware of the SoSLS.

Table 3.8: Awareness of SoSLS		
	Number	%
Brochure/Newspaper/Direct Mail	0	0
Business Gateway	5	25
Web/Email	0	0
Word of mouth	1	5
Direct contact from SEB/SED&G	9	45
Business made direct contact with SEB/SED&G	2	10
Other company	0	0
No reply	3	15
Total	**20**	**100**

The table shows that nearly half of the businesses (9) became aware of the SoSLS through direct contact from SE. The other main source of awareness was Business Gateway as identified by five businesses.

The businesses were asked to state what they understand to be the objectives and remit of the SoSLS:

- provide loans to support businesses in the South of Scotland;
- help business start-ups and increase local employment; and
- reduce financial risks for businesses.

All of the businesses, with one exception, indicated that they were given enough information to judge if the SoSLS was an appropriate source of finance for their particular project/activity. The business that was not satisfied stated that "there were too many hoops to go through" and that they would have sought alternative funding had they known they would not receive the amount of funding that they were originally looking for.

The businesses were also asked about any other funding that they had acquired. 15 of the businesses indicated that they had acquired sufficient funding from other sources.

The reasons given for obtaining this additional funding included:

- unable to obtain any more funding from the bank;
- start-up companies are seen as high risk by banks; and
- to help stabilise debt.

The businesses were asked to what extent they were attracted to the SoSLS because of the interest rate payable. Of the 20 businesses that took part in the survey, 16 indicated that they found the rate of interest very favourable and that it was a major factor in their decision to apply for the SoSLS. The remaining four businesses stated that it the interest rate was not necessarily the most appealing feature.

Nine of the businesses stated that they valued the local nature of the fund but 11 stating that this was not important. The main reason that the businesses gave for not valuing the local nature of the fund was that it did not matter to them whether the money came from a local or national source. Those businesses that did value the local nature of the fund did so because they felt the funding body would have a better understanding of the needs of the local businesses and that it kept money in the area.

Table 3.9 reports on the level of difficulty that the businesses had in completing the SoSLS application.

Table 3.9: SoSLS Application

	Number	%
Very easy	1	5
Easy	7	35
Neither/nor	6	30
Difficult	1	5
Very difficult	4	20
No reply	1	5
Total	**20**	**100**

The responses were quite mixed with nearly half of the businesses (8) indicating that they found the application process easy/very easy, six of the businesses were neutral and five businesses found it difficult/very difficult.

Eleven of the businesses reported that the application process from start to finish could take anything from two weeks to three months. Eight of the businesses could not recall how long the application process took, and one business did not reply.

The respondents indicated that the SoSLS application form was generally not too difficult to fill out, but many of the businesses indicated that it took a very long time. Two of the businesses stated that they required guidance to complete the application form as they found it very difficult and long.

Seventeen of the businesses stated that that the decision-making process was clear, fair and appropriate. One business stated that it had not been a fair process due to only receiving half of the money that they applied for.

The businesses reported varying amounts of time for the loan to be drawn down and a contract issued. The majority of businesses indicated that this process took between one and three months. There were some exceptional cases where it was as little as two weeks and as long as five months.

The questionnaire sought to obtain the businesses view on the application process compared to other funding sources. Eleven stated that they had tried to obtain funding from alternative sources and that in comparison to the SoSLS, the application process for these other sources was generally straightforward.

The businesses were also asked if they received appropriate aftercare from the SE and/or a Business Gateway Adviser. In total, 15 businesses stated they were happy with their level of aftercare. Of those businesses that were not happy reasons for their lack of satisfaction were that an adviser had retired and no one had taken their place or that since they had received the funding they had had no further support.

The businesses were given the opportunity to suggest improvements to the overall application process with suggestions including:

- improve speed of process and distribution of funds;
- have someone with small business experience administering funds; and
- more clarity in the conditions of the loan.

3.4 Project Details and Impacts

This section details the types of projects funded, the level of funding awarded and the quantitative and qualitative impacts generated. **Table 3.10** reports the project activities that the business used SoSLS funds for.

Table 3.10: Projects/Activities

	Number	%
Purchase of new plant	2	11
Hire additional staff	3	16
R&D/Product development	6	32
Marketing related projects	2	11
Working capital	9	47
Property related	6	32
Total	**28**	**-**

Note: 19 businesses answered this question but multiple responses were allowed

The main project activities that the businesses used SoSLS for was the acquisition of working capital, identified by approximately one third of the sample.

The other main uses, as reported by six businesses in each case, are R&D, product development and property related projects. No business used SoSLS for training/development or ICT related projects.

Table 3.11 reports the total costs/contributions to the project/activity.

Table 3.11: Costs/Contributions		
	Number of responses	Total Contributions £
SoSLS Loan Awarded	19	439,500
Private Sector Investment	17	390,600
Bank Funding	15	1,416,900
Other public sector support	14	167,500
Total costs		**2,345,500**

Note: 14 businesses answered this question but multiple responses were allowed

14 of the businesses in the sample provided information on the total cost of their project, which amounted to £2,345,500. Of this total cost, SoSLS contributed £439,500, an average of £23,131 per business, equating to 19% of total project funding.

In terms of leverage, for every £1 invested through SoSLS a further £4.34 was invested through other public and private investment/support.

Table 3.12 shows the main project outcomes stemming from the SoSLS payment.

Table 3.12: Project Outcomes		
	Number	%
Increased sales	16	84
Increased exports	5	26
Reduced costs	7	37
Increased customers	15	79
Productivity improvement	11	58
Product/process development	9	47
Waste improvement	4	21
Staff skills	8	42
No reply	1	5
Total	**76**	**-**

Note: 19 businesses answered this question but multiple responses were allowed

The majority of the businesses indicated that they used the fund to increase sales (16), increase customers (15) and achieve productivity improvements (11). Only four respondents used the fund for waste improvement processes and five to increase exports, these were the least frequent project outcomes.

Projects that benefited from an increase in sales used the funding to support a variety of projects including:

- new/improved premises;
- specialist machinery; and
- design of new projects.

Table 3.13 reports what the businesses would have done if they had they not received funding from the SOSLS.

Table 3.13: Outcome if SoSLS Support Not Available		
	No.	%
Would have undertaken the project/activity anyway	1	5
Would have carried out the project/activity later	8	42
The project/activity would have been carried out on a smaller scale	6	32
The project/activity would have been carried out at a lower quality	1	5
The project/activity would not have been undertaken at all	8	42
Total	**24**	**-**

Note: 19 businesses answered this question but multiple responses were allowed

While one third of respondents stated that the project would not have taken place at all without SoSLS support, with one exception, the remainder indicated that they would still have carried out the project at a later date, on a smaller scale or at a lower quality.

Only one business indicated that they would have undertaken the project anyway. This indicates a high level of project additionality.

Of the businesses that said they would have carried out the project/activity later, the timescales given varied from a couple of months to five years. Those businesses that said the project would have been on a smaller scale indicated that finished project would have been from 33% to 75% smaller.

Those businesses that said the project/activity would not have been undertaken at all predicted that the business would not have been able to:

- afford to move premises;
- employ additional staff; and
- continue to operate.

The businesses were also asked to provide information on the level of impact that the loan has on their business performance. The results are shown in **Table 3.14**.

Table 3.14: SoSLS Impact on Business Performance		
	Number	%
Yes, substantial impact	8	40
Yes, moderate impact	7	35
Too early to say	2	10
No, no real impact on business performance	3	15
None whatsoever	0	0
Total	**20**	**100**

The majority of the businesses, 15 (75%), thought that the SoSLS had been a positive influence on their business performance. Eight businesses reported that it had a substantial impact and seven reported a moderate impact. Only three businesses reported that it had no real impact on their business performance, again showing the importance of the fund to the majority of the businesses.

3.5 Perceptions of Loan Fund

The final section of the survey sought to gather the perceptions of the businesses of the SoSLS as a loan fund. This included overall thoughts and conclusions, strengths and weaknesses.

Table 3.15 reports the businesses perception on the level of support they received from the SoSLS and how it met their company needs.

Table 3.15: Did the Support Meet Company Needs?		
	Number	%
Strongly agree	6	30
Agree	12	60
Neither/nor	0	0
Disagree	0	0
Strongly disagree	1	5
Don't know	1	5
Total	**20**	**100**

18 of the businesses indicated that they strongly agree (6)/agree (12) that the support they received from the SoSLS met their needs. Reasons that the businesses gave for this included:

- helped kick-start business;
- provided new machinery and develop premises; and
- filled gap in cash flow.

The businesses were asked to detail any strengths, weaknesses and improvements that could be made to the SoSLS. Some of the major strengths that were identified included:

- low interest rate;
- flexibility of the loan; and
- helps fill funding gaps.

Some of the businesses suggested the following weaknesses within the SoSLS:

- the length of application form;
- the length of time to receive funds; and
- the lack of small business knowledge amongst the people processing the funds.

The businesses were given the opportunity to offer ideas for improvement to the SoSLS. These included:

- simplifying the application form;
- broadening the criteria to make it more inclusive;
- more publicity of the SoSLS; and
- employing people with more business knowledge to regulate it.

All of the businesses that participated in the survey indicated that given the climate of the private finance market, in future there will be a need for a similar Scheme/fund to assist businesses in South of Scotland. Reasons suggested by the businesses for providing similar support to businesses in the future included:

- to help business start-ups and small businesses expand;
- to help companies grow and develop new products; and
- to provide businesses with additional cash flows.

The businesses were also asked whether they would access the funding again for a specific project or activity if it was to continue. Of the 20 that participated, the vast majority (18 companies) confirmed that they would be happy to access it again and would use the funding for:

- expansion of business;
- investment in new machinery; and
- marketing of business.

Only one of the businesses stated that it would not go through the process again, as it was too time-consuming and stressful. This shows the overall value that the supported businesses attribute to the SoSLS.

Finally, businesses were also asked to provide information on alternative sources of finance that they may apply for. Of the total, 17 would not, or could not, provide an answer. Of the three that did they indicated that they would approach their bank and/or look for other available grants.

Table 3.16: Alternative Finance

	Number	%
Bank	2	67
Grant support	2	67
Other public sector	1	33
Equity or other private financing	1	33
No reply	17	74
Total	**20**	**-**

Note: 3 businesses answered this question but multiple responses were allowed

Many of the respondents added further comments at the end of the survey. Most of these were of a positive nature indicating how important the SoSLS fund had been to their business.

3.6 Conclusions

The majority of the feedback from the businesses that participated in the survey was positive, with many stating that the survival of their business had depended on it, to a greater or lesser extent.

The feedback from the businesses in the sample provided the following views on the SoSLS:

- the majority of the businesses were provided with enough information to judge if the SoSLS was an appropriate source of funding for their specific needs;
- two thirds of the businesses had no difficulty in completing the application form;
- the criteria for the allocations of loans was made clear to the majority of the businesses within the application form; and
- the majority of the businesses were satisfied with the aftercare that they received once their loan had been allocated.

Some of the businesses also made suggestions to improve the SoSLS:

- improve the speed of process and distribution of funds;
- have someone with small business experience administering the fund; and
- more clarity in the conditions of the loan.

Most of the businesses improved their sales after receiving their loan, with the majority using the fund to invest in business premises, new equipment and additional project activity.

The evidence from the businesses shows that only one believes that it would have been capable of undertaking the supported project activity at that time without the loan in place, thus showing the reliance that all the remaining businesses placed on SoSLS. Businesses stated that they would have been unable to afford to move premises, take on additional staff and in some cases the businesses reported that they would no longer have been able to operate without the funding that they received.

The businesses did offer some ideas for improving processes, including better advertising and a simplified process. Overall the feedback was positive and the businesses appeared grateful for the support received. Most report a better operating climate for their business post receipt of SoSLS loan funds.

4. Stakeholder/Advisor Consultations

4.1 Introduction

This section of the report details the feedback from the consultations undertaken with stakeholders, partners and business advisors involved in the set-up, management and delivery of the SoSLS. Telephone and face-to-face consultations were conducted with staff from SE, WRDC, South of Scotland European Partnership (SoSEP) and Business Advisors.

The consultations were undertaken using an agreed pro-forma. A wide range of issues were covered including:

- background;
- management of the Scheme;
- strategic rationale for the Scheme;
- performance to date;
- monitoring of Scheme; and
- future demand and development of a legacy.

Not all of these issues were relevant to each of the organisations and/or individuals consulted, with consultations tailored to take account of awareness and interest. Consequently we have reported output in aggregate form to reflect the general consensus of consultees. To ensure the confidentially of those consulted, no reference or attribution is made to any specific organisation or individual.

We have provided some notes for guidance in certain sections of this chapter but it should be noted that this section represents the views and opinions of the consultees rather than of the consultant/client team.

In total, consultations were undertaken with 22 people as reported in **Table 4.1**, over. EKOS would like to record their thanks to all of the consultees for making their time available to contribute to this important aspect of the evaluation.

Table 4.1: Stakeholder Consultations	
Gareth Baird	Scottish Enterprise South
Colin Bell	Scottish Enterprise South
Darren Burns	SOSEP
Frank Campbell	Scottish Enterprise South
Paul Crookshanks	Scottish Enterprise South
Bob Cunningham	Strategic Options
Ewan Davidson	Scottish Enterprise South
Charles Grieve	Scottish Enterprise South
Mark Grieve	Business Gateway
Bob Kay	Scottish Enterprise South
Elaine Marr	WRDC
Sarah McConnel	Scottish Enterprise South
Alistair McKinnon	Scottish Enterprise South
Julian Pace	Scottish Enterprise South
Mike Paterson	Scottish Enterprise South
Brian Pattinson	WRDC
Leah Rafferty	Scottish Enterprise South
Angus Robertson	Business Gateway
Phil Robinson	Scottish Enterprise South
John Ross	Scottish Enterprise South
Bill Watt	Scottish Enterprise South
Hugh Williams	Business Gateway

In addition to these stakeholder consultations we undertook telephone interviews with two business banking managers in High Street Banks based in the South of Scotland to understand the dynamics of the current market for business loans.

Over the last couple of years the banks indicated that there has been a general upturn in the number of loans being issued. The amount of money that businesses are borrowing ranges from as little as £2,000 to as much as £1 million. One bank suggested that they had approved 50 business loans in the South of Scotland over the last couple of years.

The banks believe that there will be a slow down in the market for business loans in the future due to macro economic conditions, and that this is already apparent through recent slow-down.

4.2 Background

As reported above, a number of organisations and individuals were directly involved in the operation and management of SoSLS. The roles of the consultees ranged from Board and panel members, business advisors, client/account managers, funders and due diligence officer.

All of the consultees reported that since the Scheme's inception the take-up of loans has been slow and lower than that forecasted, although some of the consultees did agree that the take up was greater in the early stages of the Fund but that it has been relatively low since.

Consultees were asked if they thought that the eligibility criteria had had an impact on the take-up of support, and if so to identify a more appropriate criteria to target businesses within the South of Scotland. From this, six consultees reported that the eligibility criteria was a potential reason for the low take-up as it was too rigid in terms of the business sectors it targeted and also that the funding amount could have been greater. However, the majority reported that given the constraints of EU funding support packages, SoSLS had appropriate eligibility criteria and targeted the right businesses. Other support could have been in direct competition with other SE products.

4.3 Management of SoSLS

Consultees were asked to provide their views on the overall management and delivery of the loan Scheme, in particular any details on the internal processes and procedures of SEBSED. Generally speaking, consultees were positive about the day-to-day operations of the management and delivery of the Scheme. The turnaround time for loan applications, providing the relevant information was available was usually within the 14 day time period. The selection panel convened regularly and the partnership working and communication was thought to be effective.

However, there were issues raised with regards the amount of information required from businesses submitting applications, particularly when applying for small loans (less than £10k). A number of consultees felt that the process could be too bureaucratic and smaller businesses that applied for support were unfamiliar with the detailed information the application required. In many cases this delayed any decisions on the loan support by some time. It was also identified that the Scheme was governed by SE national guidance and priorities and this may have detracted from the local nature of the support.

Two external contractors were involved in the management and delivery of the SoSLS:

- WRDC distribute application forms, deal with processing and inform businesses whether their application is successful or not. They also compile the monitoring information gathered by the business advisors and due to structural changes in Business Gateway are actively monitoring 7/8 businesses; and

- Strategic Options Ltd carry out the financial due diligence for all applications and submit a report to the decision panel to accompany each application.

Generally speaking, positive views were reported on the performance and quality of the contractors. WRDC, through experience of their own small loans Scheme had the knowledge and experience to administrate the whole process and provide a fast application turnaround time. There were only two consultees that reported that they did not see where WRDC added value to SoSLS.

In relation to the financial due diligence undertaken by Strategic Options Ltd, this was rated as being very thorough and of a high standard. It was, however, recognised that the large amount of information required to complete this element delayed the application process and that there were issues with business advisors submitting applications with incomplete financial information.

With regards the marketing of SoSLS, this was done in a number of ways including:

- large scale generic mail shots;
- press and radio signposting; and
- referrals from business advisors.

The consultees reported mixed views on the success and targeting of the marketing. Seven consultees felt that the broad brush generic marketing i.e. direct mailing was not the best use of resources as it targeted a wide business base where only a small proportion would have been able to access funding support. This was considered an inefficient use of resources and raising businesses expectations.

However, there were five consultees that praised the marketing approach and commented that it was of a high quality and given the geographic spread and thin business base of the area, was the most effective marketing tool.

It should, however, be noted that, as reported in the Interim evaluation, issues still exist with regards referrals from business advisors – a key promotional aspect for the Scheme. The number of referrals from advisors is still low, particularly in Dumfries and Galloway area, although the issue of advisors not having access to relevant information on the Scheme was addressed through information seminars and packs distributed after submission of the interim evaluation. Five of the consultees reported advisors did not promote the Scheme effectively and do not value it as an important complimentary support package. However, interviews with the business advisors reveals that they felt a number of their companies were either not eligible for support or that would be better accessing funds through the private finance market.

The consultation pro-forma was consultee specific and asked business advisors on the application process, although a number of stakeholders/ partners also commented on this. Six of the eleven business advisors interviewed commented that the application process was cumbersome and required major input and resources from both themselves and the business.

The application process was highlighted as one of the key reasons for businesses not taking SoSLS forward, as the paperwork required was seen as a major hurdle – particularly for smaller businesses looking to access small loans. Further to this, a number of stakeholders/ partners also highlighted the application process as a deterrent for a large number of businesses, although there was some recognition that this level of information was required due to the nature of the fund.

4.4 Strategic Rationale for Scheme

The loan Scheme and its objectives of assisting high growth companies within the South of Scotland fits with and contributes toward the over-arching objectives of all the key stakeholders and partners.

Generally speaking, consultees felt that SoSLS did not compete with any existing SE products, (a key element of the Scheme's introduction) or any other public sector support. Due to the nature of the fund it can be used in conjunction with private sector finance and some public sector support, including the co-investment fund. The fund is a support package of last resort and as such should not compete with other public sector funds, or be used in place of private finance.

Another consultee specific question was directed towards stakeholders/ partners and asked their views on whether a loan Scheme was the most effective way to meet their objectives and was the best use of public money. Ten (out of 11) of the respondents reported that the loan Scheme was the most appropriate type of support as grant support is no longer a large part of SE's remit and a loan Scheme ensures the money is recycled within the South of Scotland – another key aspect of the Scheme.

4.5 Performance of SoSLS

A key aspect of the evaluation was to assess the success of SoSLS in terms of achieving its original objectives and generating quantifiable impacts at the local and national levels.

The success of the Scheme will enable the SEBSED board to justify the level of support funding drawn down from ERDF. Thirteen consultees reported that SoSLS had achieved varying degrees of success. They indicated that results/impacts varied with individual businesses, although there were some projects that were completely additional and issues of time and scale with others.

As a loan of last resort consultees felt that it has created added value by financially assisting projects that the private finance market was unable/ unwilling to. SoSLS has helped to generate quantifiable impacts for businesses including increasing/safeguarding turnover and employment.

However, almost all consultees accepted that the take-up of the Scheme has been considerably less than forecasted and that this has been the greatest disappointment. It was highlighted by a few consultees that given the buoyant private finance market and economic climate in recent years, the targets set were too high and unrealistic from the outset.

Consultees were asked to detail the key strengths and weaknesses of the loan Scheme:

- strengths:
  - last resort additional funding where private finance is unavailable
  - low rate of interest (base +1%)
  - comparatively quick application turnaround time (if all the relevant information is provided); and
- weaknesses:
  - eligibility criteria is to tight
  - marketing has not been targeted enough
  - the application process is cumbersome and deters businesses with the extent of paperwork required.

There were a number of strengths and weaknesses identified by the consultees and from this they were asked to report if there had been any missed opportunities regarding business sectors that SoSLS could have targeted, and also what impacts this could have achieved.

The key points to arise from this were that the maximum loan amount of £50k was too low to interest/stimulate the larger and higher growth SMEs in the region and also any large scale projects that could deliver large quantifiable impacts in terms of turnover and employments. *However, it should be noted that if the maximum loan amount had been increased the SoSLS would have been in competition with the SE Seed Fund and other public sector support products.*

The other key missed opportunity to emerge from the consultations was the widening of the business eligibility criteria to incorporate some key local area industries including tourism and food and drink. *This appears to be a misunderstanding on the part of some consultees as businesses from the tourism and food and drink sectors are eligible for SoSLS support.*

It was felt that the fund could be more responsive to local business needs and the local business profile. These are the key missed opportunities of the Scheme although there was recognition from consultees that due to political pressures and the nature of the fund there were limitations on the size and nature of projects that it could fund.

Consultees were asked to detail the key lessons from the delivery and management of the loan Scheme. Some of these have been reported in the sections above, but in summary include:

- if possible, simplify the application process, especially for smaller loans;
- widen the eligibility criteria to target key local business sectors;

- advisors need to ensure that all the relevant information is available to avoid delays in the application process;
- the marketing needs to be more targeted and business advisors need to refer more businesses; and
- the targets and EU funding drawn down were too high and unrealistic from the outset.

4.6 Monitoring of SoSLS

The monitoring of the fund is administered by WRDC and completed by business advisors. Consultees were asked their views of the monitoring process that was in place and how effective it is in terms of tracking progress and identifying issues with businesses achieving targets.

There was a mixed response to the effectiveness of the monitoring, with nine consultees reporting that the monitoring system in place is not effective as it more of a retrospective paperwork exercise than a tool to identify key issues, future business impacts and support requirements for SoSLS. However, there were six consultees that felt the monitoring effectively met EU criteria and helped the board track the progress of assisted businesses.

It should be noted that the monitoring is a retrospective exercise undertaken for a specific purpose – to meet ERDF conditions of grant requirements. In addition, there is provision within the monitoring form for advisors to report additional company data – we understand that this is not currently used.

4.7 Future Demand and Developing a Legacy

The final section of the interviews focused on the continued demand for and justification of SoSLS in its current context together with alterations that could increase the effectiveness and impacts that the Scheme generates. Further to this, consultees were asked their views on the need to develop a legacy project from any surplus recycled loan funds.

The majority of consultees agreed that in its current context there is not enough demand in the region to continue SoSLS at its current scale and that to do so would result in an opportunity cost with such a large source of funds not being effectively used to support local economic development. However, there was also agreement that the concept of a loan Scheme is the most effective tool to support businesses in the South of Scotland and that it is appropriate to continue to recycle money within the region.

As reported above, there are a number of suggestions as how to best alter the Scheme to ensure that it targets a greater number of businesses in the future.

Consultees suggested changes to the Scheme's current set up include:

- make the application form easier and less time consuming;
- widen the eligibility criteria;
- increase the maximum loan amount; and
- adopt a more targeted marketing approach.

Consultees reported that SoSLS take-up and impacts could potentially be improved if the Scheme was modified, but that it was important that it continue to offer unsecured loans at a low rate of interest and a flexible repayment system.

With regards to the development of a legacy project, EU requirements dictate that the money has to remain within the South of Scotland (as defined by the SoSEP 2000-2006 Programme) until 2013 – 60 months after the last loan has been issued. Whilst EU approval may be required to make use of the funds for an alternative use before 2013, consultees felt that this could be justified if used to fund an appropriate business support project.

Consultees were asked to report their views on potentially feasible and beneficial legacy projects for the South of Scotland. Many were unsure what would be feasible as a legacy project for the area and unsure if it was guided by any higher level EU regulations. However, there were a number of suggestions reported as a potential legacy project to benefit the South of Scotland.

The suggestions generally centred around two key themes, a continued but modified loan Scheme and/or a property development/infrastructure upgrade project. As reported above, a number of consultees felt that a loan Scheme was the most effective tool to help SME's achieve high levels of growth and that SoSLS would be a more effective legacy product if it was more responsive to the needs of the local business base.

Property development projects were also one of the more common suggestions reported by consultees although it was realised that given the size of the funding pot, additional support would be required to implement any significant and long lasting project. Projects included serviced office space and incubator units to encourage start-up businesses – as start-up rates in the region continue to be low. Potential locations for these projects included Stranraer, to support the proposed development of the waterfront site.

4.8 Summary

The consultation programme included a number of key individuals involved in the loan Scheme from board/panel members and business advisors to outside contractors. A number of key issues and lessons can be disseminated from the consultation programme:

- the take-up of loans was significantly lower than originally expected and this has been the key disappointment of SoSLS;
- the eligibility criteria was a constraining factor in the volume of loan funding applications;
- overall, the management of the Scheme was effective and SEBSED worked well with the outside contractors;
- marketing received mixed feedback from consultees on its effectiveness and use of resources;
- there is general consensus that a loan fund was the most appropriate and effective use of the recycled funds;
- the fund does not compete with any existing SE or other public sector funding and in some cases can be used in conjunction with other funding;
- the fund has been successful (to a certain extent) in achieving quantifiable impacts, namely increased/safeguarded jobs and turnover and also issues of scale with the delivery of the projects that SoSLS supported;
- the key strengths of SoSLS include its low rate of interest, quick turnaround time and role as last resort funder, whilst weaknesses centred around eligibility criteria, paperwork involved in the application process and the marketing of the Scheme;
- opinion is split on the effectiveness of the monitoring system, with some consultees reporting that it could be altered to improved future demand forecasting;
- in its current context, consultees agree that there is not enough demand in the South of Scotland to sustain the fund in full; and
- with regards a legacy project for the area, a revised loan Scheme and property development/infrastructure project were identified as the most popular amongst consultees.

5. Impacts and Benefits

5.1 Introduction

This section details the loan funding that has been awarded broken down by geographic area, including the businesses that withdrew/were not approved for funding.

Further to this, we have detailed the impacts and benefits generated by SoSLS based upon ERDF monitoring data. Businesses are required to submit quarterly monitoring reports for their first year after being awarded funding with bi-annual and annual monitoring required thereafter. It should be noted, however, that ERDF monitoring only requires claims and impacts that occur within the first two years after the loan is issued.

5.2 Loan Funding Awarded 2004-2008

Table 5.1 below provides information on the total number of loans including the total amount drawn down between 2004 and 2008.

Table 5.1: Total Loan Funding Drawn Down 2004-2008

	Scottish Borders		Dumfries and Galloway		
	No of loans	Value	No of loans	Value	Total
2004	3	£70,000	2	£25,750	£97,750
2005	9	£190,000	8	£244,290	£434,290
2006	6	£146,650	3	£73,000	£219,650
2007	6	£183,000	3	£56,500	£239,500
Total	**24**	**£589,650**	**16**	**£399,540**	**£989,190**

Note: Data taken from WRDC Claim forms

In total, 40 loans have been drawn down representing total funding of just under £1m for businesses within the South of Scotland with a further two loans of £50,000 awaiting approval or additional conditions[3]. This represents an average loan award of approximately £24,000 per businesses.

In addition, there are a further six companies that have applied for loan funding and are either awaiting confirmation or are subject to additional conditions[2]. The total of these loans awaiting approval is £190,000 (although one company has not detailed a loan amount).

We understand from data provided by WRDC that a further 96 expressions of interest were made by local companies that were not taken forward. These are reported in **Table 5.2**.

[3] These companies are awaiting confirmation and are not included in the totals.

Table 5.2: SoSLS Expressions of Interest		
	Businesses	Loan amount*
Scottish Borders	55*	£809,000
Dumfries and Galloway	41*	£972,000

* Borders – 23 cases do not report loan amount; D&G – 10 cases do not report loan amount

In total 96 loan application forms were issued to businesses that had requested information. A small number of these were taken forward but not finally proceeded or were full applications that were not approved, but the vast majority represent an initial interest from companies with no further action taken.

A key aspect of the loan Scheme was the 60 month repayment period and recycling of the money within the South of Scotland. **Table 5.3** reports the progress of loan repayments to date.

Table 5.3: Loan Scheme Repayments to Date 2004-2008						
	Businesses making payments	Not yet started making repayments	Action	Legal action	Business Repaid	Businesses written off
Scottish Borders						
No of businesses	16	1	3	1	2	1
Loan amount	£355,650	£50,000	£104,000	£20,000	£40,000	£20,000
Dumfries and Galloway						
No of businesses	10	1	2	1	2	0
Loan amount	£284,500	£17,500	£35,000	£50,000	£12,540	0
Total	**26**	**2**	**5**	**2**	**4**	**1**
Total loan	**£640,150**	**£67,500**	**£139,000**	**£70,000**	**£52,540**	**£20,000**

The repayment rate has been moderately high with 30 businesses having repaid or in the process of repaying their loans. There has been only one business that has defaulted completely on their loan[4] but seven that required some form of action, including two where legal action was required.

[4] We have been advised, however, that two further loans are in the process of being written-off.

5.3 Progress against Targets

The data presented in this section is drawn from the penultimate ERDF claim form (Claim No. 18) dated March 2008. It excludes one company that is included in our earlier analysis that was awarded SoSLS in May 2008. It also excludes the two companies located in Peebles that are ineligible for ERDF support. The total number of businesses included in this section is therefore 37.

Table 5.4 reports the original approved ERDF eligible expenditure against the actual expenditure.

The table shows that the total eligible project costs were **£925,093** of which 50% was grant funded - **£462,547**. As detailed in the interim report (2006) and highlighted in Section 2.3, the SEBSED board has had the expenditure profile and grant award revised and reduced a number of times to match SoSLS demand.

Table 5.4: ERDF Expenditure 2004-2008

	Original approved expenditure	Revised expenditure	Total spend	% Spent
Loans	£2,233,000	£1,217,499	£894,190	73%
Marketing costs	£16,000	£37,000	£16,552	45%
Evaluation costs	£6,000	£25,000	£10,973	44%
Non recoverable VAT	-	£10,001	£3,378	34%
Audit fees[5]	-	£3,000	£0	0%
Total eligible expenditure	£2,255,000	£1,292,500	£925,093	72%
Total Grant claimed @ 50%	£1,127,500	£646,250	£462,547	72%

Note: Data taken from ERDF Claim no 18 - 31/3/2008

Table 5.5 over, details the progress against specific ERDF programme targets and reports the impacts of the funding to date[6]. It should be noted however, that in reviewing this table it is important to consider that the key factor influencing progress against targets is the low take-up of loans overall.

Taking instances of financial assistance to new and existing businesses together, SoSLS achieved 49% of the total target (i.e. 37 against 76). Considering progress against this initial failure, it is clear that SoSLS has produced good returns against many of the other targets. Our review below is, however, set against the full set of revised project targets.

[5] It should be noted that under previous EU guidelines the cost of the final project audit was an eligible cost but under current EU guidelines it is no longer eligible and therefore no ERDF eligible cost is itemised. SoSLS has, however, been subject to annual audits and financial analysis in line with funding regulations.

[6] Based on data provided in the most recent claim form - no 18, March 2008.

Table 5.5: ERDF Progress Against Targets				
	Original targets	Revised targets	Total achieved	% Achieved
Physical Outputs				
Instances of financial assistance to existing businesses	122	56	24	43%
Instances of financial assistance to new businesses	28	20	13	65%
Assisted businesses owned/ managed by women	19	14	8	57%
Assisted businesses owned/ managed by ethnic minorities	2	2	0	0%
Assisted businesses owned/ managed by disabled persons	1	1	0	0%
Intermediate Impacts				
Total no of gross new jobs created	495	326	169.5	52%
No of gross new jobs created by women	198	139	103.5	74%
No of gross new jobs created for ethnic minorities	3	2	1	50%
No of gross new jobs created for disabled persons	3	4	6	150%
No of gross new jobs created in areas defined as most in need	123	30	10	33%
No of gross new jobs directly related to environmental activity	0	16	14	88%
Total no of jobs safeguarded	295	207	212	102%
No of new exporters entering new markets	47	21	6	29%
Private sector leverage (£)	12.48	8.2	3.63	44%
No of self-employed jobs created	14	10	5	50%
Increase in sales in existing businesses (£m)	22.19	7.5	3.19	43%
Increase in sales in new businesses (£m)	4.43	3.1	3.13	101%
New business existing after 36 months	19	10	0	0%

Note: Data taken from ERDF Claim no 18 - 31/3/2008

In total, only three of the revised programme targets have been achieved or exceeded to date: the number of jobs created for disabled persons (150%), number of jobs safeguarded (102%) and the increase in business sales (101%).

There have been 10 instances where programme progress against targets is less than or equal to 50% including instances of financial assistance to existing businesses and increased sales in existing businesses (both 43%).

From the ERDF monitoring data available it is apparent that SoSLS has not achieved the majority of the revised targets. This can be attributed to a number of factors including lower than anticipated take-up of the fund and also over-estimation of initial and revised targets. In particular the number of new businesses existing after 36 months cannot be achieved as none of the new businesses supported have been operating for that length of time.

It is also important to note that the outputs from loans awarded over the past 18-24 months will be monitored for the next two years and therefore the results achieved by them will improve the progress toward targets as reported in Table 5.5.

The lower than expected take-up of loans has had a major impact upon the progress of achieving the intermediate targets i.e. number of jobs created and business sales increased. Anecdotal evidence provided by relevant stakeholders and business advisors through the consultation process has reaffirmed this as being the key constraining factor in SoSLS not making greater progress towards targets.

However, as outlined above it should be noted that the businesses that have taken up a loan (37 ERDF eligible businesses representing a 49% achievement rate)[7] have a relatively high achievement rate and in many cases have proportionately over-achieved targets. For example 49% of the revised new gross jobs created target is equal to 160 jobs, the 49% of businesses taking up a loan achieved 170 new jobs.

Based on consultations with beneficiary businesses, approximately 80%-90% anticipate increase in their turnover and employment over the next three years. Based on this, it is reasonable to assume that the loan Scheme will continue to have further impact after the final EU claim in June 2008.

5.4 Summary

In total, 40 loans and approximately £1m of SoSLS loan funding was awarded between February 2004 and March 2008[8]. The monitoring data reports the low take up of loans and to date, less than 50% of the revised forecast take-up rate has been achieved. As reported above, only three targets have been achieved, with a large proportion achieving less than half that forecasted. This is primarily due to the overall low take-up of loans rather than a failure of individual businesses to achieve targets.

With SE's new role as Scotland's Enterprise, Innovation and Investment agency, the successful delivery of support through Account Management will play a central role in the delivery of the objective of increasing growth in the Government's economic strategy.

[7] Two businesses are located in Peebles (an ineligible area) and are not included in the ERDF progress towards targets and a further was approved in May 2008 and therefore not included in the most recent claim form (Claim No. 18).

[8] We understand that two further loans have been approved but not yet drawn down (valued at £80,000) and three others are currently being worked on (valued at £90,000).

Reflecting this, Account Management is positioned as SE's *Growth Function*, with the objective of increasing the net impact (GVA) that SE makes through its work with growth companies. This will be achieved by increasing the *additional growth* arising from SE's intervention – achieved by increasing the number of growth companies supported, by improving the performance in terms of sales growth, and by delivering clear improvements in terms of Innovation, Internationalisation and Productivity.

Across the South, SE proactively works with approximately 170 companies via Account Management. As a minimum it is expected that these companies should each be increasing sales growth by £1m over a three year period. These 170 companies reflect the total market segment against which SE can readily work with to increase take-up of SoSL.

In considering the future funding of the project and setting of EU targets, a market review is presented at **Appendix 2** detailing past trends and current market statistics. This has been used to guide our study recommendations as outlined in Section 7 and should be used to guide future funding allocation and operation of SoSLS.

6. Economic Appraisal

6.1 Introduction

This economic impact assessment (EIA) has been undertaken by examining the results of the business survey in terms of the total employment generated within each business and by reviewing the ERDF monitoring forms. The survey sample of 20 was grossed up using a confidence interval (15.9%) to generate a range of gross/net employment impacts.

These impacts are, however, based on gross employment and take no account of additionality, leakage, displacement or multipliers. These factors need to be taken into account to estimate the true, or actual, impact that SoSLS has had on the local and national economies.

It is not, however, a straightforward process to translate gross into net employment impacts. Difficulties arise in isolating and attributing the effects of the loan Scheme on the businesses employment figures. In this case the businesses received a maximum of 50% match loan funding for their project and were also able to obtain funding from other public and private sources which will have contributed to the employment and turnover figures reported within the business survey.

Our review of the economic impacts generated by SoSLS is based on project appraisal guidance from HM Treasury Green Book and employs a range of official data and guidance materials. These materials have been interpreted by EKOS based on our experience of conducting impact appraisal across a wide range of business development support proposals including the interim evaluation of SoSLS.

While the analysis used actual and specific values for each of the interviewed businesses, all of the estimates presented in this report are rounded to allow for an element of sensitivity analysis and avoid 'spurious accuracy' as identified in the HM Treasury Green Book. Our estimate of jobs are rounded to the nearest 10 and monetary values to the nearest £0.1m. Details of the Impact assessment can be found in **Appendix 3.**

For ease of reference we have outlined a review of the gross to net impact analysis (deadweight, displacement, leakage and multipliers).

Deadweight

Deadweight reflects the level of gross activity that would have occurred anyway in the absence of the SoSLS.

Displacement

Displacement is an estimate of those impacts that were achieved by supported businesses but may reasonably have been attained by other competitors in the absence of SoSLS support. For example, a proportion of activity will constitute 'new' activity i.e. new to the local or national economy, but a proportion will also constitute 'existing' sales i.e. activity displaced from other local or national businesses.

It is this level of competition for existing sales that constitutes displacement i.e. how much of the gross activity generated by SoSLS supported businesses would otherwise have accrued to other local or national businesses.

Leakage

Leakage assesses the proportion of the total jobs generated through SoSLS support that will be taken by residents from outwith the area.

Multipliers

Economic multipliers refer to the indirect employment impacts generated by the increased purchase of goods and services by SoSLS supported businesses together with the induced employment generated by the consumption expenditures of those directly and indirectly employed by them. These have been calculated at the local and national level.

National multipliers are taken from the Scottish Input-Output Tables 2004 which provides national average multiplier factors for a range of industry groups. We have used Type II employment multipliers for appropriate business sectors i.e. business activities, other service activity, etc.

These tables do not, however, identify local multiplier factors. We have therefore assumed that local factors would be equal to around half that of the national level to reflect the scale and makeup of the local economy.

GVA per Head

Gross Value Added (GVA) is a measure of the value of goods and services produced before allowing for depreciation or capital consumption[9]. It measures the income generated by businesses after the subtraction of input costs but before costs such as wages and capital investment are paid prior to arriving at a figure for profit.

Our analysis uses data from ABI that identifies the average GVA per employee for industry sectors. We have used appropriate industry sectors to calculate GVA impacts but have uprated the data (2005) to current prices (2008) using RPI.

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[9] Gross Value Added (GVA) is equivalent to Gross Domestic Product (GDP) at basic prices.

Wages and Salaries

Using the same source and method as that outlined above for GVA, we have calculated the likely wages and salary impacts that the new/ additional jobs will generate.

6.2 Gross to Net Employment

Based on our sample survey of 20 businesses we have prepared an economic impact analysis that considers the impact of each individual loan. Our assessment has identified that the 20 businesses that participated in our survey sample accommodated 100 gross FTEs. After allowing for leakage, additionality, displacement and multipliers this translates into a total of 50 net additional FTEs at the local level (South of Scotland) and 60 net additional FTEs at the national (Scottish) level.

The analysis is presented in **Table 6.1**.

Table 6.1: Business Survey Gross and Net Impacts

	Gross jobs	Net jobs	GVA	Salaries
Local	100	50	£1.7m	£1m
National	100	60	£1.8m	£1.1m

The other impacts generated by the businesses participating in the telephone survey include:

- GVA per annum of **£1.7m** and **£1.8m** at the local and national level respectively; and
- salaries per annum of **£1m** and **£1.1m** at the local and national level respectively.

6.3 Grossing up Impacts

The net additional employment represents the sample of 20 businesses that participated in our study fieldwork programme

We do not have a detailed understanding of the 21[10] other businesses that secured SoSLS and have therefore assumed that our sample businesses will have achieved broadly similar employment impacts as the other businesses.

In order to identify the total economic impacts that SoSLS has generated in aggregate, we have adopted a process of 'grossing up' the sample to represent the full range of businesses accessing support.

[10] Based on data provided by WRDC: 41 loans approved since SoSLS inception (2004).

It normal practice to adopt a sensitivity analysis approach that allows for a +/- variation (in this case based on a sample confidence of 15.9%)[11].

Based on this sensitivity analysis approach we have identified total employment impacts, as presented in **Table 6.2**.

Table 6.2: Total Grossed up impacts

	Gross jobs		Net jobs		GVA (£)		Salaries (£)	
	From	To	From	To	From	To	From	To
Local	200	230	100	110	£3.2m	£3.8m	£1.9m	£2.2m
National	200	230	100	120	£3.4m	£4m	£2m	£2.4m

Note: Jobs have been grossed up to the nearest 10 whilst GVA/salaries to the nearest £0.1m.

The table reports that, based on grossed up aggregated data, SoSLS has generated between **200 -230 gross jobs** at the local and national level and **100-110 net jobs** and **100-120 net jobs** at the local and national levels respectively.

In addition to this, the loan Scheme has also generated the following impacts:

- additional GVA per annum of **£3.2m-3.8m** and **£3.4m-£4m** at the local and national levels respectively; and
- additional salaries per annum of **£1.9m-£2.2m** and **£2m-£2.4m** at the local and national levels respectively.

6.4 Investment per Job

As reported earlier, the loan Scheme is a 'soft loan' with a repayment rate of base +1%. However, it is important to calculate the cost per job to review the effectiveness of the loan Scheme in terms of value for money.

The total value of loan funding awarded over the programmes lifespan as reported in **Table 5.1** was £989,208. Based on this and using the gross and net employment impacts outlined above we can estimate that based on 200-230 gross jobs created by SoSLS, it has generated a mid-range ratio of £4,600 per job and using net employment, created a mid-range ratio of £9,000 per job.

As outlined above, it is more appropriate to consider SoSLS in terms of investment rather than cost per job. The administration cost of the scheme includes SE and decision panel staff costs, financial and legal administration costs. The actual cost per loan is minimal and the interest accrued on current funds effectively covers these administration costs.

[11] Sample confidence based on Creative Research Systems calculator based on sample size 20 and population size 41.

The cost to the public sector is therefore negligible and represents a very low true cost per job.

It would, however, be more appropriate to consider these figures in terms of investment per job rather than cost per job.

7. Conclusions and Recommendations

This section presents our final conclusions and identifies some key lessons for future action.

The study conclusions are reported against the original study objectives, as presented in the study brief and outlined in section 2.3:

- **economic evaluation of the loan Scheme to date:**

  The review has been based on the achievement of ERDF targets based on monitoring information provided by individual beneficiary businesses. The results show that, to date, the Scheme has underachieved on many of its revised targets and has had a large surplus of funding not being taken up through loan funding.

- **examination of the outputs and results of the individual loans**:

- *Through detailed business surveys and a review of monitoring information we have been able to determine the gross jobs created by the loan Scheme. We have conducted an economic impact assessment in order to determine the net impacts of the loan scheme including the jobs created and the additional GVA and salaries generated. We have taken account of attribution factors and sensitivity and estimate the impacts at **215 gross jobs**, **110-120 net additional jobs**, **GVA of £3.7m*** per annum *and salaries of **£2.2m** at the national level.*

- **review the loan Scheme's management and monitoring**:

  Through a review of background documentation, including the EKOS interim evaluation and a thorough stakeholder/partner and business advisor consultation programme we have highlighted key and lessons and issues to emerge from SoSLS including successes and failures together with information on the continued demand and options for legacy project activity.

In addition to the specific study objectives, we have also reviewed the progress of SoSLS against its own original objective:

- **to deliver economic added value in the South of Scotland by offering soft loans as part of a wider package of funding support for businesses identified as having job creation and growth potential**:

  The loan Scheme has delivered 40 soft loans to businesses across the South of Scotland with a further six pending approval and has created quantifiable impacts for the beneficiary businesses including the creation/safeguarding of employment, turnover and profit. SoSLS has been successful, although the number taking up loans is considerably lower than envisaged.

7.1 Options and Recommendations

Based on our final evaluation of SoSLS, we have outlined three options for its future operation:

Option 1: do nothing – maintain current operations and retain excess loan funds to provide interest that covers administration costs. The risk with pursuing this option is that given the constraints and re-focusing of the SE priority industries, the number of potential eligible businesses and take-up might reduce generating further fund surplus that is not being used to support business growth/diversification within the South of Scotland. This represents an opportunity cost in terms of local economic development.

Option 2: gift SoSLS to an external contractor – contract out or dispose of all or part of the Scheme to be managed and administered by an external public or private sector organisation. This would increase the number of companies that would be eligible for SoSLS loans, as it would not be subject to SE operating constraints regarding the type of business that could be supported. The risk is SE would only be able to set the operating criteria from the outset and would have no control (outwith the conditions of the legal agreement reached) to make any subsequent changes to its operation. While it would create a loan scheme that could maximise business growth/diversification in the South of Scotland it could potentially compete with existing/future SE (and other public sector) support mechanisms.

Option 3: reduce the funding pot and develop legacy project – reduction of the total fund pot but continuation of SoSL with alterations to its current remit (where appropriate). We understand that there is currently around £4m as a mix of available funds and outstanding loans. Our review identifies no likelihood of significant increase in demand for SoSLS in the future and therefore no requirement to maintain the fund at its current level. The excess funds (to be agreed on discussion with the SEBSED Board but estimated at around £2m) could be used to develop and support a legacy project in the South of Scotland that could generate additional economic benefit for the region. The risk involved in this option could be an inability to meet any future uplift in demand due to changing financial and economic circumstances. It could also potentially impact on future SE financial settlements for project development within thd South of Scotland.

Each of these options requires further detailed review and discussion at the SEBSED Board. We have therefore not make any recommendation on a preferred option at this stage.

Based on anecdotal evidence presented in the business survey/ stakeholder consultations, our review of the SoSLS performance and our experience, recommendations for continuation of the loan Scheme include:

- a low interest loan Scheme is the most effective way to support potential high growth SMEs in the South of Scotland and is popular with both beneficiary businesses and stakeholders;

- the eligibility criteria could be amended to be more responsive to the needs of the local business base including sustaining and safeguarding existing activity (in addition to the specific focus on growth) and working with a broader business sector (some that are non EU eligible);

- the loan fund should be more flexible with regards the detailed application information required, particularly for smaller loans and also on the maximum amount of loan available, but this may be subject to restrictions from SE due to competition with network-wide loan products;

- the management structure and outside contractor involvement has been effective in the fast processing of applications where all the relevant information was available and should continue;

- SoSLS needs to set realistic and attainable targets in terms of the number of loans issued and the impacts generated in the future – we do not predict any major change in take-up from that which has been achieved over recent years (see appendix 2);

- the amount of funding to be drawn down needs to be revised to avoid a large 'overspill' pot that is not contributing to economic development in the region and represents an opportunity cost in terms of generating future additional activity in the South of Scotland; and

- revision of the board membership – the Board presently consists of four members, two of whom also sit on the decision panel potentially creating a conflict of interest. Given the internal constraints of SE, a fifth board member, external to any of the key partner organisations and preferably with a private sector finance background (although not currently active in this sector) would add experience and assist the decision making process/credibility.

Appendix 1: Addendum to Report

This addendum to the final report presents a review of progress towards targets based on the final ERDF claim, provided to EKOS in draft shortly after completion of our report. Table A1 below presents an update of Table 5.5 taking account of the final ERDF claim.

Table A1: ERDF Progress Against Targets (Final Claim)

	Original targets	Revised targets	Total achieved	% Achieved
Physical Outputs				
Instances of financial assistance to existing businesses	*122*	*56*	*27*	*48%*
Instances of financial assistance to new businesses	28	20	13	65%
Assisted businesses owned/ managed by women	19	14	8	57%
Assisted businesses owned/ managed by ethnic minorities	2	2	0	0%
Assisted businesses owned/ managed by disabled persons	1	1	0	0%
Intermediate Impacts				
Total no of gross new jobs created	*495*	*326*	*183*	*56%*
No of gross new jobs created by women	*198*	*139*	*109.5*	*79%*
No of gross new jobs created for ethnic minorities	3	2	1	50%
No of gross new jobs created for disabled persons	3	4	6	150%
No of gross new jobs created in areas defined as most in need	123	30	10	33%
No of gross new jobs directly related to environmental activity	0	16	14	88%
Total no of jobs safeguarded	*295*	*207*	*216*	*104%*
No of new exporters entering new markets	*47*	*21*	*7*	*33%*
Private sector leverage (£)	*12.48*	*8.2*	*3.71*	*45%*
No of self-employed jobs created	14	10	5	50%
Increase in sales in existing businesses (£m)	*22.19*	*7.5*	*3.63*	*48%*
Increase in sales in new businesses (£m)	*4.43*	*3.1*	*3.88*	*125%*
New business existing after 36 months	*19*	*10*	*3*	*30%*

Note: Data taken from ERDF Claim no 19 - 30/6/2008

Text in italics represents outputs and impacts that have improved on those reported in the previous claim.

In total, 10 targets are either at or above 50%, with three exceeding 100% - jobs for disabled persons (150%), safeguarded jobs (104%) and increase in sales in new businesses (125%).

For the first time, this claim reports that three new businesses supported through SoSL exist after 36 months. With a total of 13 new businesses supported by SoSL since its inception, we would expect that this target will continue to increase over the next 18-36 months.

Appendix 2 – Market Demand

This section is largely based on feedback from the stakeholder consultations on the continued need for SoSLS together with a review of the current and likely future market conditions in which businesses from the South of Scotland will operate.

We have reviewed the number of businesses within the South of Scotland by industry sector and employment sizeband to highlight any changes within the business profile of the area. Further to this, we have reviewed business start-up and survival rate statistics, and employment forecast data to estimate whether there is potential for a growing or declining demand for a soft loan support package in the South of Scotland in the future.

7.1.1 Change in the Business Base 2004 - 2006

The data reported in **Table 7.1** is taken from the Annual Business Inquiry (ABI) and details the percentage change in the number of business by industry of employment and also employee sizebands.

Table 7.1: South of Scotland Businesses Base % Change 2004-2006

	Number of Employees			
Industry	1-10	11-49	50-199	200 +
Agriculture and fishing	-2%	-9%	0%	0%
Energy and water	-24%	11%	-67%	0%
Manufacturing	2%	7%	-2%	-29%
Construction	7%	27%	44%	0%
Distribution, hotels and restaurants	2%	0%	-7%	-40%
Transport and communications	-2%	2%	100%	-67%
Banking, finance and insurance, etc	6%	-2%	38%	0%
Public admin ,education & health	11%	-12%	15%	27%
Other services	-2%	6%	0%	100%
Total	**3%**	**-2%**	**0%**	**-13%**

Source: ABI

The table reports that only businesses within the 1-10 employee range have experienced an overall increase in the number of businesses over the period. If there is a demand/need for the continuation of SoSLS, it will likely target smaller SMEs due to the scale of investment funds available and remove competion with other SE products (Co-investment and Seed Fund).

The industry sectors that have experienced steady growth (both in absolute and percentage terms) between 2004-2006 that also have less than 50 employees include:

- manufacturing;
- construction;
- banking, finance and insurance, etc; and
- public admin, education and health.

The total number of businesses in the region has increased by 220 representing a small 2.2% increase overall. In comparison with Scotland as a whole (3.5%), the business base in the South of Scotland is growing at a slower rate.

Given past trends together with the large rural nature of the area, it would be reasonable to assume that the region will continue to grow at a lower rate than the Scottish average for the foreseeable future. Given this, any loan Scheme could specifically target start-up businesses in order to increase the rate of business growth in the region.

Table 7.2 reports the employment size bands by industry as a proportion of total employment.

Table 7.2: South of Scotland Businesses Base as % of Total 2006

	No of employees				
Industry	1-10	11-49	50-199	200 +	Total No of businesses
Agriculture and fishing	93%	6%	1%	0%	364
Energy and water	76%	20%	2%	2%	50
Manufacturing	72%	19%	7%	2%	657
Construction	90%	9%	1%	0%	1,186
Distribution, hotels and restaurants	85%	13%	1%	0%	3,319
Transport and communications	86%	11%	2%	0%	548
Banking, finance and insurance, etc	92%	7%	1%	0%	1,744
Public admin ,education & health	56%	33%	10%	1%	1,284
Other services	91%	8%	1%	0%	910
Total	**83%**	**14%**	**3%**	**0%**	**10,062**

Source: ABI

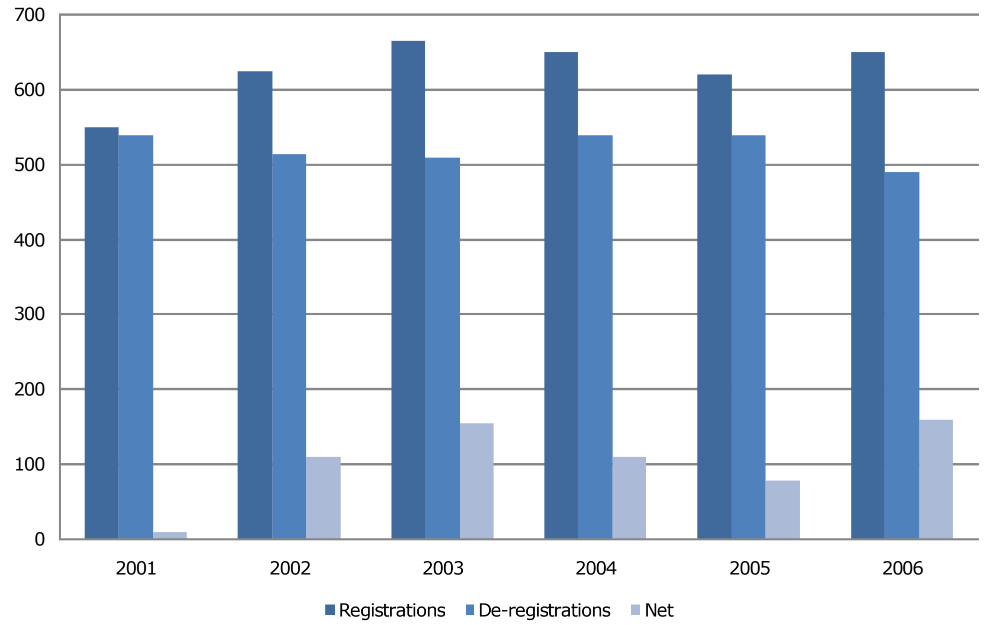
Within The South of Scotland, 97% of businesses employ less than 50 people, 83% of these are micro businesses (1-10 employees). Small businesses make up the bulk of the South of Scotland's business base and it would be reasonable to assume that any future support should continue to support small businesses and be responsive to the financial needs of smaller businesses.

7.1.2 Registrations and De-registrations

The number of businesses registering or deregistering for VAT is reported below in **Figure 7.1.** The Figure reports that since 2002, the level of business registration per annum has remained relatively static in the South of Scotland.

This supports the information reported above and shows that the region has experienced a very low rate of growth in its business base i.e. net change in businesses per annum. One potential reason for this could be a low business survival rate as reported in **Table 7.3** below.

Figure 7.1: South of Scotland Registrations and De-registrations 2000-2006



Source: ONS

In terms of economic growth, forecasts published by Futureskills Scotland (2004-2008) rate the South of Scotland amongst the bottom quartile of local authorities forecast to grow.

Appendix 3: Economic Impact Assessment

Local Level Impacts

Description	Gross	Additionality	Gross Additional	Displacement	Net Additional	Leakage	GA Non Disp/Leak	Multiplier	Net FTEs	GVA per Head	Total GVA	Salary per Head	Total Net Salaries
Company 1	1	70%	0.7	10%	1	0%	1	1.6	1	£60,276	£59,334	£14,880	£ 14,648
Company 2	8	80%	6	20%	5	0%	5	1.6	8	£60,276	£482,205	£14,880	£ 119,042
Company 3	1	50%	1	0%	1	10%	0	1.5	1	£74,597	£49,088	£26,153	£ 17,210
Company 4	1	60%	1	10%	1	20%	0	1.3	1	£31,378	£17,205	£18,897	£ 10,361
Company 5	4	60%	2	40%	1	0%	1	1.5	2	£37,346	£80,024	£12,961	£ 27,773
Company 6	1	30%	0	0%	0	0%	0	1.3	0	£31,378	£11,948	£18,897	£ 7,195
Company 7	2	75%	2	30%	1	0%	1	1.1	1	£37,417	£44,864	£20,527	£ 24,612
Company 8	1.5	75%	1	20%	1	0%	1	1.2	1	£38,301	£41,210	£21,782	£ 23,436
Company 9	3	60%	2	30%	1	0%	1	1.2	1	£5,369	£8,043	£20,936	£ 31,360
Company 10	2	80%	2	10%	1	15%	1	1.2	2	£108,139	£162,323	£26,502	£ 39,781
Company 11	0	30%	0	0%	-	0%	0	1.2	0	£32,296	£0	£17,567	£ -
Company 12	2	60%	1	5%	1	10%	1	1.2	1	£38,301	£46,979	£21,782	£ 26,717
Company 13	6	65%	4	0%	4	10%	4	1.2	4	£32,296	£131,059	£17,567	£ 71,289
Company 14	1	30%	0	0%	0	0%	0	1.2	0	£22,208	£7,677	£10,413	£ 3,599
Company 15	0	50%	0	20%	-	15%	0	1.3	0	£31,378	£0	£18,897	£ -
Company 16	20	30%	6	40%	4	10%	3	1.2	4	£22,208	£82,907	£10,413	£ 38,874
Company 17	2	60%	1	5%	1	0%	1	1.2	1	£44,875	£63,364	£24,316	£ 34,334
Company 18	10	50%	5	5%	5	60%	2	1.7	3	£76,724	£248,031	£30,880	£ 99,829
Company 19	2	75%	2	0%	2	10%	1	1.3	2	£38,623	£67,612	£24,540	£ 42,958
Company 20	38	65%	25	40%	15	0%	15	1.2	18	£5,369	£94,597	£20,936	£ 368,853
Total	**106**								**51**		**£1,698,467**		**£1,001,871**

National Level Impacts

Description	Gross FTEs	Additionality	Gross Additional	Displacement	Net Additional	Leakage	GA Non Disp/Leak	Multiplier	Net FTEs	GVA per Head	Total Net GVA	Salary per Head	Total Net Salaries
Company 1	1	70%	0.7	10%	1	0%	1	2.1	1	£60,276	£80,694	£ 14,880	£ 19,921
Company 2	8	80%	6	40%	4	0%	4	2.1	8	£60,276	£491,848	£ 14,880	£ 121,423
Company 3	1	50%	1	20%	0	0%	0	1.9	1	£74,597	£57,428	£ 26,153	£ 20,134
Company 4	1	60%	1	20%	0	0%	0	1.5	1	£31,378	£23,171	£ 18,897	£ 13,954
Company 5	4	60%	2	40%	1	0%	1	2.0	3	£37,346	£106,270	£ 12,961	£ 36,882
Company 6	1	30%	0	0%	0	0%	0	1.5	0	£31,378	£14,482	£ 18,897	£ 8,721
Company 7	2	75%	2	40%	1	0%	1	1.3	1	£37,417	£43,234	£ 20,527	£ 23,718
Company 8	1.5	75%	1	20%	1	0%	1	1.4	1	£38,301	£47,948	£ 21,782	£ 27,268
Company 9	3	60%	2	30%	1	0%	1	1.4	2	£5,369	£9,320	£ 20,936	£ 36,341
Company 10	2	80%	2	25%	1	0%	1	1.5	2	£108,139	£188,514	£ 26,502	£ 46,199
Company 11	0	30%	0	30%	-	0%	0	1.3	0	£32,296	£0	£ 17,567	£ -
Company 12	2	60%	1	20%	1	0%	1	1.4	1	£38,301	£51,144	£ 21,782	£ 29,086
Company 13	6	65%	4	30%	3	0%	3	1.3	4	£32,296	£115,703	£ 17,567	£ 62,936
Company 14	1	30%	0	10%	0	0%	0	1.3	0	£22,208	£7,822	£ 10,413	£ 3,667
Company 15	0	50%	0	35%	-	0%	0	1.6	0	£31,378	£0	£ 18,897	£ -
Company 16	20	30%	6	60%	2	0%	2	1.3	3	£22,208	£69,526	£ 10,413	£ 32,599
Company 17	2	60%	1	20%	1	0%	1	1.5	1	£44,875	£63,637	£ 24,316	£ 34,482
Company 18	10	50%	5	30%	4	60%	1	2.4	3	£76,724	£258,105	£ 30,880	£ 103,884
Company 19	2	75%	2	40%	1	0%	1	1.6	1	£38,623	£55,388	£ 24,540	£ 35,192
Company 20	38	65%	25	40%	15	0%	15	1.4	20	£5,369	£109,622	£ 20,936	£ 427,440
Total	**106**								**55**		**£ 1,793,856**		**£ 1,083,849**