

To: Leadership Board

On: 25 April 2018

Report by: Director of Development and Housing Services

Heading: Business Loans Scotland (BLS) – Stream Marine Training Ltd

1. Summary

- 1.1 Business Loans Scotland (BLS) is a Scotland-wide local authority business loan fund offering loans of up to £100k to Scotland's Businesses.
 - 1.2 Renfrewshire Council membership was agreed at the Economy and Jobs Policy Board, 28 January 2015, and there is currently a lending pot of £200,000 available to Renfrewshire Businesses for the period February 2017 to 31 December 2018.
 - 1.3 The current Scheme of Delegation allows approval for BLS loans of up to £50,000 by named officers, and over this limit requires Board approval.
 - 1.4 This paper seeks approval to award a loan of £100,000 from Renfrewshire Council's funds held in Business Loans Scotland (BLS) to Stream Marine Training Ltd.
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2. Recommendations

- 2.1 It is recommended that the Board:
 - (i) approves a BLS loan of £100,000 to Stream Marine Training Ltd. That the loan is repayable over 60 months at 6% interest per annum. The loan will be conditional on a bond and floating charge over the assets of the company.
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3. Business Loans Scotland - Background

- 3.1. Business Loans Scotland is a consortium of the 32 local authorities throughout Scotland and was incorporated as a company limited by guarantee in March 2015, as a successor to the West of Scotland Loans Fund. The Fund provides loan finance up to £100,000 to new and growing, small and medium-sized enterprises (SMEs) across Scotland.

4. Stream Marine Training Ltd - Background

- 4.1 Stream Marine Training Ltd was set up in 2014 to cater for the growth in the Marine training sector due to both regulatory changes (which require offshore workers to have greater and more frequent accreditations) and the anticipated growth in demand for offshore workers and qualified seafarers.
- 4.2 The company provide a range of training courses, for the global maritime industry, covering a variety of areas including health & safety, firefighting, fire prevention, security awareness, personal survival techniques, entry into enclosed spaces etc.
- 4.3 Around the time of starting up, the company approached Renfrewshire Council through the West of Scotland Loan Fund to secure £50,000 funding to support their start-up costs at Kintyre House and Bute Court. This loan funding has now been fully repaid.
- 4.4 Stream Marine have identified that the maritime training sector will grow significantly as a result of the Standards of Training, Certification & Watch-keeping Act. This is an international maritime convention, governed by the maritime coastguard agency. The UK market alone for all mandatory courses is estimated at £80m+.
- 4.5 In recognition of the growth in this sector the company recognised that the facilities at Kintyre House and Bute Court were no longer viable to run courses and accommodate staff. In order to accommodate the company's expansion they identified a larger property on Campsie Drive to become the HQ of the business.
- 4.6 The new premises offer a 18,000 sq ft training facility, comprising of a survival pool, firefighting facilities, 10 classrooms, a training suite and office accommodation.
- 4.7 Customers range from passenger ferries, cruise ships, cargo vessels, work boats, ports and ship management companies.

- 4.8 The company employs twenty-four people and utilises twenty-four consultants. They have issued over six thousand Training Certificates to industry within the last year, offering more than thirty courses across central Scotland and the Western Isles. Much of the investment to date has been achieved by reinvesting company profits, arising from quarter on quarter growth producing annual revenues of £2 million in less than three years from a standing start.
- 4.9 The loan application has undergone a full scrutiny and appraisal including a full analysis of all financial aspects of the business and its proposal. Stream Marine Training Ltd has a strong credit rating and is therefore viewed as very low risk. It has a very experienced management team and the backing of their shareholders who provide support on a regular basis.

5. Funding Proposal

- 5.1 Company are looking to secure a funding package of £200,000 where £100,000 will be secured through a new share issue from existing shareholders and the £100,000 balance is being sought from Business Loans Scotland.
- 5.2 The investment will provide the necessary working capital to undertake the required property refurbishments in order that the new headquarters can be utilised to its full potential.
- 5.3 It should be noted that the company have previously been successful in securing funding of £850k which helped with the initial phase of the works and included the installation of the sea survival pool.

6. Benefits of the Development

- 6.1 The development will ensure the following:
- sustaining 24 local jobs in Paisley;
 - the creation of 8 new jobs over the next 12-18 months;
 - will assist the company in developing and training their own staff, as opposed to using external consultants;
 - maintain and develop relationships with key customers by promoting their new headquarters as a centre of excellence, for training in the maritime industry;

- increase their range of courses from 40 up to 55-60 over the next 12 months; and
- increase their current sales of £1.3m to approaching £2m over the next 2 years.

Implications of the Report

1. **Financial** – None, Business Loans Scotland has funding available for Renfrewshire to support the loan
2. **HR & Organisational Development** – None
3. **Community Planning** –
Jobs and the Economy - Delivery of financial support programmes to businesses will have a positive impact on developing the economy within Renfrewshire.
4. **Legal** – None
5. **Property/Assets** – None
6. **Information Technology** – None
7. **Equality & Human Rights**
 - (a) The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report.
8. **Health & Safety** – None
9. **Procurement** – None
10. **Risk** – None
11. **Privacy Impact** – None

List of Background Papers

(a) Background Paper 1 – None

RC/GK
18 April 2018

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