

# THE HIGHLAND COUNCIL

## PLANNING, ENVIRONMENT AND DEVELOPMENT COMMITTEE

14<sup>TH</sup> AUGUST 2013

### BUSINESS GATEWAY

#### Report by Director of Planning and Development

Agenda Item	9
Report No	PED 48/13

#### Summary

This report updates Members on:

- Business Gateway contract performance for the first quarter, 2013/14
- The integration of Business Gateway within the wider support activity provided by Highland Council.

The delivery of the Business Gateway service is directly supportive of the Council's commitment to the Highland economy and specifically helps prioritise and support the creation of jobs in Highland.

#### 1. The Business Gateway Service

1.1 The Business Gateway service is the "gateway to business expertise" for the following private and social enterprise customers:

- People thinking of starting up in business
- New Business Start Ups
- Local Businesses seeking a wide range of support
- Businesses with specific ambitions to grow.

1.2 It is a service that is free and is provided through a local network of business advisers based across Highland, a national website and a national contact and enquiry centre. While the Council is responsible for the service in Highland, it is delivered under contract by the Council's wholly owned Enterprise Trust, Highland Opportunity Ltd. (HOL). The Council via this contract also delivers the service on behalf of Moray Council, under a shared service agreement.

#### 2. Performance: 1<sup>st</sup> April 2013 – 30<sup>th</sup> June 2013

2.1 The Planning and Development Service meet Highland Opportunity Ltd formally on a monthly and quarterly basis to review contract performance and to discuss and resolve emerging issues. Appendix 1 provides a detailed breakdown of performance for the first quarter of the 2013/14 operating year.

#### 2.2 Start Up Activity

Start-up activity is starting to show a welcome uplift in this quarter and is ahead of target. Inverness, which had seen the largest drop in 2012/13, has seen a 40% increase in start-ups compared to the same quarter in 2012. As the range and number of start-up services provided by Business Gateway has remained the same over this period, there appears no clear reason why performance was down in 2012/13.

The national picture for start-up activity is completely mixed with some areas reporting an uplift against the same quarter last year, others down but overall still sluggish compared to 2011 and before.

### 2.3 Growth Activity

The Business Gateway service is starting to see a healthier pipeline of businesses actively engaging in developing growth plans with advisors. There are also 9 businesses waiting confirmation for referral to pipeline and account management with Highlands and Islands Enterprise (HIE) so whilst reported performance for the 1<sup>st</sup> quarter is low, it is anticipated being on profile for the next quarter.

### 2.4 Advice to Existing Businesses

Over 115 existing businesses have received a wide range of support from the Business Gateway team this quarter. This includes:

- Marketing and Sales
- Financial Management
- Business Resilience
- Employment Advice

This support, in particular, reflects the demand for and the ability to help a wide range of local businesses that may not have the aspirations to grow their business turnover in line with the targets set by Government. However, these businesses are important to the local economy and, in spite of the economic challenges they face, are surviving, developing and creating new jobs.

### 2.5 Workshops and Partnership Programmes

Business Gateway, in partnership with the Federation of Small Businesses, ran a pilot "Access to Finance" event this quarter. The aim of the event was to bring together local businesses, with Banks and accountants and included workshops on accessing traditional and new forms of finance. Over 120 delegates attended representing 78 individual businesses.

2.6 Business Gateway also partnered UHI's School of Management on their second series of lunchtime seminars and is working with UHI's Create (Highland Centre for Enterprise and Innovation) to stimulate start up activity through the Business Ideas competitions, on line pre-start training and mentoring services.

## 3. **Business Gateway and Highland Council Business Support**

3.1 As detailed above, while Highland Opportunity Ltd. deliver the Business Gateway service, the Council is ultimately responsible for the service provided. A key rationale for the transfer of Business Gateway to local government in 2008 was the opportunity it afforded to improve links between other Council Services and Council business related activity and the potential to add value to this activity for the benefit of business. To this end, Business Gateway is offered and promoted as the "one door" into this wider business support.

3.2 This added value activity is therefore in the most part accessed through the Business Gateway service and includes:

### 3.2.1 Business Finance

HOL Loans: 7 loans were approved this quarter totalling £130,000. The value of loans is higher than in recent months with food, tourism and creative industry sectors strongly represented. The strategy for loan products is currently being reviewed by HOL with the aim of increasing awareness, availability, focus and impact of HOL's investment activity going forward.

### 3.2.2 Graduate Placement Programme.

Since the start of the programme in August 2012, 32 applications have been approved, with 12 of those approved in the last quarter. There are another 12 placements available in 2013/14.

### 3.2.3 Enterprise Europe

In partnership with Business Gateway, this service includes advice and support to access European Markets and support to businesses to compete for and win public sector contracts.

### 3.2.4 Prince's Trust Youth Business Scotland (PTYBS)

In addition to the Business Gateway service, PTYBS continues to provide mentoring support and both grant and loan finance to young people aged 18-30. The 1<sup>st</sup> Quarter was busy with 7 grants and 6 loans awarded. The businesses supported are diverse and from all over the Highlands.

### 3.2.5 Create and Employ

This activity was highlighted as an example of best practice in a recent Federation of Small Businesses (FSB) report. It provides free specialist advice for all aspects of taking on an employee, especially for the first time and works with the Council's Employability team to encourage take up of the Highland Council Employment Grant and the Graduate Grant.

3.2.6 This quarter, an additional advisor, has been appointed. She will focus on the Inner Moray Firth area, which means that three advisors now cover the whole of the Highland area. Since the start of the project, 281 businesses have been given advice and support which has contributed to the creation of 101 new jobs, 41 of which have been first time employers creating jobs.

3.2.7 It also provides the "gateway" to all other employment related agency support to help businesses identify and appraise all of the support locally and to signpost them to the support most suited to their needs.

### 3.2.8 Highland and Island's Digital Engagement Programme

Since the start of this joint Business Gateway and HIE partnership project, the following outputs (across the Highlands and Islands) have been achieved:

- 315 people have registered with the online tool kit
- 49 businesses have had up to three days of one to one advice and support
- 231 unique businesses have attended workshops.

### 3.2.9 Tourism Tailored Workshops

A series of tourism business development workshops run in conjunction with the local destination development groups and part funded by the Highland LEADER Programme, over the last 18 months, has concluded. A total of 18 workshops were held in 12 different locations across the Highlands with 399 people attending. In addition to the usual post event evaluation a further evaluation was carried out at the end of the programme to establish whether it was a success and whether it had a positive effect on businesses. As well as commenting favourably on the programme, 58% of respondents said they had actually changed business practices following their attendance with 43% of respondents also saying they had seen measurable benefits to their business as a result of attending one or more of the workshops.

## 4. **New Activity**

### 4.1 European Regional Development Fund

The Council is currently bidding for ERDF funding to deliver additional business support activity:

- Providing master classes in procurement, incorporating support from Co-operative Development Scotland, with the aim of assisting local businesses (including social enterprises) to identify, be business ready and able to respond to contract opportunities and collaborative tendering.
- Developing local supply chains through development activity with primary contractors to encourage them to put subcontracts out to competition (through Scottish Government's Public Contracts Scotland web service) in order to increase the volume of contract opportunities advertised in the public domain.
- A programme of master classes focusing on access to finance with the aim of building confidence and capacity in businesses looking at alternative sources of finance in order to grow and improve competitiveness.
- Exploring opportunities for a network of Highland Business Angels with the aim of providing opportunities for investment into local businesses.

This activity aligns with the priorities of the Highland Economic Forum and The Highland Council's 2012 – 2017 Programme and adds value to the current Business Gateway programme of support. The total cost of the activity is £85k with the Council needing to provide match funding of £51k.

### 4.2 Support to Internationalise

Following discussions with the Business Gateway team at HOL regarding the challenges businesses face when exporting for the first time, it is proposed to support businesses to learn more about the opportunities to export, by providing a grant towards the cost of visiting a trade show for the first time. This will allow the business to explore and learn about the potential opportunities and practical issues involved in attending European trade shows, before making a higher risk commitment. The businesses involved will be identified through the Business Gateway service. It is anticipated that 30 businesses will benefit from this grant,

costing the Council £12k in 2013/14.

4.3 Retail Workshops

Business Gateway will run a pilot series of workshops, this autumn, specifically tailored to retail. This activity supports the Council's aspirations to assist our urban centres.

**5. Implications**

5.1 Resource:

The Business Gateway contract is fully funded from the P&D Service revenue funding. The funding required as match for the ERDF bid and the grant to support business to internationalise can be funded from the 2013/14 and 2014/15 P&D Service discretionary business support budget.

5.2 Legal, Equality, Climate Change, Risk:

There are no direct Legal, Equality, Climate Change or Risk implications directly arising from this report.

**6. Recommendation**

6.1 The Committee is recommended to:

- (i) Note performance for the 1<sup>st</sup> Quarter of the operational year 2013/14
- (ii) Note the Business Gateway core service, its delivery and the wider business support provided.
- (iii) Agree to the allocation of £51k as match for the ERDF bid and £12k as grant to support businesses to internationalise.

Designation: Director of Planning and Development

Date: 24<sup>th</sup> July 2013

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**APPENDIX 1:  
Key Performance Indicators**

The performance indicators and targets used for the delivery of the service are dictated by the national Business Gateway model and reflect the key priorities of business start-up and growth. Support for growth is the key priority for the service. It does however, allow an amount of local discretion to provide a service that is responsive to local needs and changing economic circumstances, for example, the challenging recession.

The key Performance Targets and performance for the year 2013/14 are outlined below:

<b>Start Up Advisory Service</b>	Target	<b>Qtr 1</b>
Number of volume start up clients who have begun trading	252	<b>70</b>

<b>Growth Advisor Service</b>	Target	<b>Qtr 1</b>
Number of growth companies assisted with action plans (seeking to grow turn over by £100k over next 3 yrs.)	50	<b>13</b>
Number of growth companies accepted into a growth pipeline relationship with HIE (seeking to grow turnover by £200k over next 3 yrs.)	20	<b>1</b>
Number of growth companies accepted into HIE account management	14	<b>1</b>

<b>General Advice</b>	Target	<b>Qtr 1</b>
Number of existing businesses accessing advisory services	650*	<b>115</b>

*\*Note the target for number of businesses receiving advice has been increased from 600 to 650 to reflect the additional recruitment advisor activity.*

<b>Loan Activity</b>	Target	<b>Qtr 1</b>
<b>Loan Funds</b>		
Number of loans	30	<b>7</b>
Value	£400,000	<b>£130,000</b>
<b>Princes Trust Youth Business Scotland</b>		
Number of clients supported with loans or grants.	10	<b>8</b>
<b>Number of jobs created as a result of loan activity</b>	150	<b>25</b>

**Definitions:**What is a growth company?

A company that has ambitions to grow its turnover by £100k, over the next three years.

What is a growth pipeline company?

A company that has ambitions to grow its turnover by £200k, over the next three years.

What is Account Management?

A business that is in process of or will meet the turnover criteria for account management with HIE and is in a growth sector, defined as education, business services, food and drink, tourism, creative industries, energy and life sciences.

Note: For growth pipeline and account management, although the criteria for access to account management is growth in turnover of £200k over a three year period, the criteria differs in fragile areas, for certain sectors and business types, e.g. social enterprise and activity such as internationalisation.

What is meant by “existing businesses”?

An existing business is any local business that is seeking support whatever its growth aspirations. This will include businesses seeking support to survive in a challenging environment.