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## **BUSINESS GATEWAY ANNUAL REPORT AND BUSINESS PLAN 2017-18**

**Report by Executive Director**

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### **EXECUTIVE COMMITTEE**

**19 September 2017**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report summarises the Business Gateway service's performance in 2016/17 and seeks approval of the Business Plan for the delivery of Business Gateway services in the Scottish Borders to 31 March 2018.**
- 1.2 2016/17 saw the majority of national targets being achieved by the Business Gateway team with a particularly good performance around business growth. The strongest performance was on identification of businesses starting a growth plan, giving a strong base for future years' activities.
- 1.3 The plan for 2017/18 is to continue to use the European Regional Development Fund to deliver additional Growth activity. A new dedicated Business Gateway Manager will be appointed and the office will trade from new premises at Tower Mill, Hawick. The focus on geography will continue with an adviser being allocated to each locality and the premises agreement with Live Borders will allow a greater roll-out of workshops across the Borders. Emphasis will continue to be applied in the areas of Exporting and Innovation for local businesses.
- 1.4 In the next 12 months Business Gateway will continue to deliver against the agreed National Service Specification and will aim to achieve the outcomes set out in the ERDF operation plan. Using EU Funds, the Business Plan will enhance service delivery at the local level by aligning to the priorities in the Local Outcome Improvement Plans (LOIP) and the Scottish Borders Economic Strategy 2023.

#### **2 RECOMMENDATIONS**

- 2.1 **I recommend that the Executive Committee:**
  - (a) Acknowledges the strong performance and positive impact of the Business Gateway service in 2016-2017;**
  - (b) Approves the 2017-2018 Business Plan for Business Gateway in line with the national service specification, including the proposed reporting indicators in Table 2; and**
  - (c) Agrees that an annual review meeting is held in November 2017 with a range of Business Gateway customers to allow elected members to directly receive customer feedback.**

### 3 BACKGROUND

- 3.1 Business Gateway offers information, advice and guidance to people who are considering starting a business or growing their existing business. It is a national service with built-in local flexibilities. It is supported by the national Business Gateway Enquiry Service, the Business Gateway website ([www.bgateway.com](http://www.bgateway.com)) and the national Business Gateway Unit, located in COSLA.
- 3.2 The Business Gateway service is managed by lead local authorities and offers a 'one-stop shop' for business support enquiries as well as providing direct support and a conduit to other business support services provided by the Council and its partners, such as Scottish Enterprise and Skills Development Scotland.
- 3.3 The service specification for the Business Gateway service was reviewed nationally in 2016 and was approved by the Business Gateway Scotland Board November 2016. An obligation to deliver to a consistent standard and report in a consistent way is required of all lead local authorities with responsibility for Business Gateway in their area.
- 3.4 The Business Gateway service in the Scottish Borders now operates from Tower Mill in Hawick from 1 April 2017. The team of 9 consists of 7 full time and 2 part time staff, including the new Business Gateway Manager.
- 3.5 The Business Plan is updated on an annual basis. The latest Business Plan is set out in **Appendix 1**.

### 4 PERFORMANCE INDICATORS

- 4.1 The performance against key indicators and targets for 2016/17 is noted in Table 1 below. The targets for 2017/18 are set out in Section 5 of this report.

**Table 1. Business Gateway Performance figures 2016/17**

<b>Service Output Targets</b>			
	<b>Target 2016/ 17</b>	<b>Actual 2016/ 17</b>	<b>%</b>
<b>Start-up Service</b>			
Total number of start-up customers who have begun trading	<b>220</b>	<b>219</b>	<b>99%</b>
Potential High Value Start-ups (PHVSU). Businesses expected to start turning over in excess of £70k in the first year or employ at least 1 person	<b>25</b>	<b>22</b>	<b>88%</b>
High Value Start-ups (HVSU). Businesses that are actually turning over in excess of £70k in the first year or have employed someone	<b>20</b>	<b>17</b>	<b>85%</b>
Number of start-up workshops/seminars held	<b>72</b>	<b>77</b>	<b>107%</b>
Number of clients attending start-up workshops/seminars	<b>432</b>	<b>432</b>	<b>100%</b>

<b>Growth Services</b>	<b>Target 2016/ 17</b>	<b>Actual 2016/ 17</b>	<b>%</b>
Local Growth Advisory Service (LGAS) businesses expected to increase annual turnover by £100k on 3 years	<b>30</b>	<b>38</b>	<b>127%</b>
Growth Advisory Service (GAS) businesses expected to increase annual turnover by £200k in 3 years	<b>15</b>	<b>15</b>	<b>100%</b>
Growth Pipeline (GP) businesses expected to increase turnover by £400k in 3 years, approved by Scottish Enterprise	<b>6</b>	<b>4</b>	<b>67%</b>
Account Managed (AM) Businesses who meet SE criteria for acceptance on to national account management structure	<b>2</b>	<b>2</b>	<b>100%</b>
Number of workshops aimed at Growing Businesses	<b>60</b>	<b>57</b>	<b>95%</b>
Number of clients attending growing business workshops/seminars	<b>360</b>	<b>447</b>	<b>124%</b>
<b>ERDF Targets</b>			
Number of Masterclasses held	<b>10</b>	<b>2</b>	<b>20%</b>
Number of Scottish Borders Business Fund grants issued	<b>20</b>	<b>28</b>	<b>140%</b>
Increase in Employees in assisted companies	<b>40</b>	<b>50.5</b>	<b>126%</b>
Number of businesses assisted to export for the first time	<b>15</b>	<b>13</b>	<b>87%</b>

4.2 The key points to note in respect of the performance indicators in the table above are as follows:

- Business Gateway continued to be ambitious with its Growth targets for 2016/17 and has met most of these targets. Start-up figures are close to target although the Higher Growth starts fell short. This target has now been changed nationally to focus on employee numbers only, rather than unrealistically high expectations on turnover.
- Stronger Growth performance can be attributed to the locality based approach, which was new for 2016/17. Advisers now focus on geography rather than sector, allowing for better identification of relevant businesses in their area. The exception to this is the Growth Pipeline figure. Acceptance into this segment is controlled by Scottish Enterprise against national criteria.
- The poor result shown against Masterclasses was due to funding changes. This is an ERDF target and a reduction in the eligible match

funding caused a reduction in the ERDF budget. The number of Masterclasses was reduced in order to rebalance the budget. The target has been reduced for future years.

- (d) Workshops continue to be of value and well received by businesses. It is an effective, economical way for Business Gateway to reach a larger number of businesses. Growth workshops include Digital Boost where the Borders was 3<sup>rd</sup> best performing region (by number of workshops delivered), beaten only by Edinburgh and Glasgow.
  - (e) Business Week ran in November 2016 and unfortunately there was a disappointing turnout for the events. As a result, a new approach will be introduced in 2017/18 with a Business Conference being run over one day on 26 October 2017 in Springwood Park in Kelso.
- 4.3 The geographical approach has paid dividends. This has allowed each of the advisers to get to know their area and work more closely with the business community, resulting in better identification of growing businesses we should be working with. Unfortunately there was a gap in Berwickshire from November 2016 which meant the service in that part of the area was reactive with other advisers covering. This has now been resolved and a full time adviser is covering the area.
- 4.4 Start-up figures across Scotland continue to be low against target, mainly due to the high levels of employment. Activity in Scottish Borders appears to be steadier with just short of 20 new businesses starting each month.

## **5 BUSINESS PLAN 2017/18**

- 5.1 The Business Gateway service follows a national specification. The revised Business Plan sets out the opportunities to further develop the Council's Business Gateway service delivery model. This delivers against the detailed national service specification and also provides a range of local services.
- 5.2 The Business Plan is set out in Appendix 1. It considers two main categories of business customers: Start-up and Growth (which incorporates all existing businesses).
- 5.3 In addition to providing these services, the Business Gateway service also supports: delivery of local marketing activities; participation in local and national promotional and networking events; and advisory input to future online and other services.
- 5.4 In 2017/18 the Start-up team will continue to have two advisers. Each of the advisers will be responsible for identifying clients under the new 'Early Stage Growth' (ESG) segment. ESG now looks solely at the potential for employment for a business within the first 18 months. Business development will continue and greater collaboration with Further Education establishments and careers fairs aimed at school leavers. This will help reinforce the link with the Developing the Young Workforce activities of the Council, Borders College and other partners.
- 5.5 The Growth team of five advisers have each been allocated an area of the Scottish Borders, aligning directly with the Council's "localities" approach. Their role is to get to know the businesses and business people in their area, identify those businesses that do not currently work with Business Gateway and ensure greater profile for the service. They will be the main point of contact for all existing businesses in the area and will pass on information relating to start-ups to the Start-up team.
- 5.6 The Service will continue to provide workshops and events on issues that are essential to local businesses. The range and subjects of workshops will increase, to help stimulate new enquiries from businesses. Business

Gateway will partner with other organisations to deliver workshops. For example the service will work with the Export Association to deliver a range of workshops to encourage Internationalisation in local businesses. These will be run in November 2017 in partnership with Scottish Development International. With the funding provided by ERDF a series of Masterclasses will be run aimed at larger audiences and bringing in high profile speakers to deliver high quality seminars.

- 5.7 The Business Gateway service fits within a wider range of business support services delivered by the Council. This includes provision of access to finance (loans and grants), economic intelligence, business property, industrial developments, and inward investment activities. The team will work closely with colleagues throughout the Council and help to deliver business services as part of the Economic Development team. This will involve them in continued work on the Borders Railway Blueprint projects and other projects linked to local developments.
- 5.8 Advisers will retain a specialism in certain key business subjects and sectors. This specialism will be called upon on a team basis as required by their colleagues. Business Gateway will also lead on the second phase of Digital Boost, this is now delivered regionally with each area set targets for workshop delivery and 1-to-1 consultancy. Budget is allocated directly from Scottish Government for this activity.
- 5.9 Through the ERDF funded project, Internationalisation and Innovation have been highlighted as two of the main business processes that will be improved in the Borders. The team will also look at opportunities for innovation centres and proactively encourage businesses to investigate exporting for the first time.
- 5.10 A Business Conference will be run this year. It will be on 26 October 2017 in Springwood Park, Kelso. A full day of speakers and business advice will be organised and partners will be called on to encourage the largest number of businesses to attend.
- 5.11 The service will continue its proactive approach to stimulating business and enterprise in the most disadvantaged communities, working in particular areas including Burnfoot in Hawick and Langlee in Galashiels, and with minority groups. This will contribute to the delivery of the Community Planning Partnership priority to reduce inequalities in the Scottish Borders.
- 5.12 **Service Output Targets**

The targets set for last year provided a good level of 'stretch' and make sense in relation to the activity levels that can be achieved in the Scottish Borders with the resources currently available. It is therefore proposed to retain these targets. The exception to this is the new segment of 'Early Stage Growth' which replaces 'Potential and High Value Starts'.

**Table 2. Business Gateway Performance Targets for 2017 – 18**

<b>Service Output Targets</b>		
<b>Start-up Service</b>	<b>Target 2017/18</b>	<b>Actual 2017/18</b>
Total number of start-up customers who have begun trading	<b>220</b>	
Early Stage Growth (ESG) businesses intending to employ within the first 18 months of trading.	<b>30</b>	
Number of start-up workshops/seminars held	<b>72</b>	
Number of clients attending start-up workshops/seminars	<b>432</b>	
<b>Growth Services</b>		
Local Growth Advisory Service (LGAS) businesses expected to increase annual turnover by £100k on 3 years	<b>30</b>	
Growth Advisory Service (GAS) businesses expected to increase annual turnover by £200k in 3 years	<b>15</b>	
Growth Pipeline (GP) businesses expected to increase turnover by £400k in 3 years, approved by Scottish Enterprise	<b>6</b>	
Account Managed (AM) Businesses who meet SE criteria for acceptance on to national account management structure	<b>2</b>	
Number of workshops aimed at Growing Businesses	<b>60</b>	
Number of clients attending growing business workshops/seminars	<b>360</b>	
<b>ERDF Targets</b>		
Number of Masterclasses held	<b>6</b>	
Number of Scottish Borders Business Fund grants issued	<b>20</b>	
Increase in Employees in assisted companies	<b>40</b>	
Number of businesses assisted to export for the first time	<b>15</b>	

5.14 The revised indicators in Table 2 simplify the measurement of delivery of the service to start-up and growth. The national targets are the same as previous years. The ERDF figures reflect those additional targets which relate to the EU ERDF funded activity.

## **6 PERFORMANCE IMPROVEMENT PLAN**

- 6.1 In order to continue to build on the performance of the service, a series of actions will be implemented during 2017/18 as part of a Performance Improvement Plan. These include:
- (a) Implement new Early Stage Growth activity in start-up team to ensure businesses identified and given the right level of support.
  - (b) Increase activity of each Growth adviser in each locality, monitoring networking levels and intermediary visits.

- (c) Closer monitoring of targets in each locality to ensure an even spread of support across the Borders.
  - (d) Increase delivery of workshops to harder to reach areas and communities in the area.
  - (e) Improve local delivery and accountability of Digital Boost project.
  - (f) Identify businesses that would benefit from Incubation and inform them of projects that would meet their needs
  - (g) Increase number of Masterclasses delivered. Make best use of the ERDF resources to ensure inspirational speakers come to the Scottish Borders
  - (h) Run a Business Conference in October 2017 providing a wide range of seminars with partners.
- 6.2 The Committee will receive regular updates on the performance of the Business Gateway service as well as an annual review and presentation of an updated business plan each year.

## **7 IMPLICATIONS**

### **7.1 Financial**

- (a) Scottish Borders Council receives funding to deliver Business Gateway in the Scottish Borders from the Scottish Government. The additional services are funded through EU funding, matched to the funding from the Scottish Government.
- (b) The in-house delivery costs of Business Gateway (£303,027) for 2017/18) are based on the budget available within the Council's five year Financial Plan, previously agreed by the Council.

### **7.2 Risk and Mitigations**

- (a) As part of the on-going management of the Business Gateway, a risk workshop is held every quarter with support from the Council's Corporate Risk Team and actions undertaken as appropriate.
- (b) The main risks identified in the risk register relate to accessing the right type and number of businesses across the Borders and potential changes to future EU funding. The Business Plan has been updated to address these risks.

### **7.3 Equalities**

An equality impact assessment (EIA) was written with input from the Corporate Equality & Diversity Officer. A key aspect of the Economic Development Team's work is to reduce barriers to economic inequality and information on service delivery to equalities groups is monitored. Positive action will be taken by Business Gateway during 2017/18.

### **7.4 Acting Sustainably**

The Business Plan for the Business Gateway service contains a number of targeted outputs and outcomes that will deliver economic benefit. The service aims to help businesses and the economy become more diverse and sustainable in the long term. To this end the Environmental Strategy Co-Ordinator from SBC spends 1 day per week with the business advisers and identifies individual businesses that can be supported.

### **7.5 Carbon Management**

There is no net increase at a Scottish Borders level as this is the continuation of an existing service delivery. The geographic focus of the advisers reduces the number of miles undertaken by Business Gateway.

## 7.6 Rural Proofing

Rural Proofing is not required as the proposals do not relate to a new or amended Council policy or strategy.

## 7.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

## 8 CONSULTATION

- 8.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR and the Clerk to the Council have been consulted and their comments have been incorporated into the report.

### Approved by

**Rob Dickson**  
Executive Director

Signature .....

### Author(s)

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**Background Papers:** None

**Previous Minute Reference:** Executive Committee, 1 November 2016

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Phil McCreadie can also give information on other language translations as well as providing additional copies.

Contact us at Phil McCreadie, Economic Development, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Tel 01835 825605, email [eitranslationrequest@scotborders.gov.uk](mailto:eitranslationrequest@scotborders.gov.uk).