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## **BUSINESS GATEWAY ANNUAL REPORT AND SERVICE UPDATE 2018-19**

**Report by Executive Director  
EXECUTIVE COMMITTEE**

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**6 November 2018**

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### **1 PURPOSE AND SUMMARY**

- 1.1 **This report provides an update on the Business Gateway service's performance in 2017/18 and provides details of the targets set for 2018/19.**
- 1.2 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. 2017/18 saw a good performance on start-up and the lower end growth targets. Account Management targets were also again met, although some difficulties were encountered in the mid-range growth targets. The new classification of Early Stage Growth allowed additional support to new businesses employing staff.
- 1.3 The plan for 2018/19 is to continue to use the European Regional Development Fund to deliver Growth activity. This funding pays for 2 additional advisers and allows for consultants to be funded assisting businesses with development projects. The focus on geography continues with advisers being allocated by locality. Emphasis continues 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. In order to continue to build on the quality performance of the service, a series of actions will be implemented during 2018/19 as part of a Performance Improvement Plan.

### **2 RECOMMENDATIONS**

- 2.1 **I recommend that the Executive Committee:**
  - (a) **Acknowledges the strong performance and positive impact of the Business Gateway service in 2017-2018;**
  - (b) **Approves the 2018-2019 targets for Business Gateway in line with the national service specification, including the proposed reporting indicators in Table 2 within this report; and**
  - (c) **Agrees the Improvement Plan set out in Appendix 1.**

### 3 UPDATE ON SERVICE

- 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 to cater to the different economic challenges that are faced by the different regions of Scotland. 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 Operating from an office in Tower Mill, Hawick the service runs with a Business Gateway Manager/Growth Adviser, 4 additional Growth Advisers (2 of which are fully funded by ERDF), 2 start-up advisers and an administrator. (The BG Manager/Growth Adviser and one Start-up adviser left the service in October 2018).
- 3.3 The service specification for the Business Gateway service was reviewed nationally in 2016 and was approved by the Business Gateway Scotland Board in 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 focus for the Business Gateway service is to provide the right support to the businesses that require it across the Scottish Borders. These are uncertain times for business with the upcoming Brexit deadlines looming and the advisers are well placed to support businesses through this period. It is intended that the advisers will capture business' comments and concerns about Brexit as they work with them, in order to ensure that the Council is aware of the key issues facing local businesses during the upcoming Brexit period.
- 3.5 The targets set help focus the activity of Business Gateway, but do not reflect all of the work undertaken.

### 4 PERFORMANCE INDICATORS

- 4.1 The performance against key indicators and targets for 2017/18 is noted in Table 1 below. The targets for 2018/19 are set out in Section 5 of this report.

**Table 1. Business Gateway Performance figures 2017/18**

<b>Service Output Targets</b>			
	<b>Target 2017/ 18</b>	<b>Actual 2017/ 18</b>	<b>%</b>
<b>Start-up Service</b>			
Total number of start-up customers who have begun trading	<b>220</b>	<b>224</b>	<b>102%</b>
Early Stage Growth (ESG) businesses intending to employ within the first 18 months of trading.	<b>30</b>	<b>31</b>	<b>103%</b>
Number of start-up workshops/seminars held	<b>72</b>	<b>74</b>	<b>104%</b>
Number of clients attending start-up workshops/seminars	<b>432</b>	<b>514</b>	<b>119%</b>

<b>Growth Services</b>			
Local Growth Advisory Service (LGAS) businesses expected to increase annual turnover by £100k on 3 years	<b>30</b>	<b>30</b>	<b>100%</b>
Growth Advisory Service (GAS) businesses expected to increase annual turnover by £200k in 3 years	<b>15</b>	<b>12</b>	<b>80%</b>
Growth Pipeline (GP) businesses expected to increase turnover by £400k in 3 years, approved by Scottish Enterprise	<b>6</b>	<b>3</b>	<b>50%</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>56</b>	<b>93%</b>
Number of clients attending growing business workshops/seminars	<b>360</b>	<b>828</b>	<b>230%</b>
<b>ERDF Targets</b>			
Number of Masterclasses held	<b>6</b>	<b>6</b>	<b>100%</b>
Number of Scottish Borders Business Fund grants issued	<b>20</b>	<b>41</b>	<b>205%</b>
Increase in Employees in assisted companies	<b>40</b>	<b>85.5</b>	<b>214%</b>
Number of businesses assisted to export for the first time	<b>15</b>	<b>8</b>	<b>53%</b>

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

- (a) The start-up service provided by the team continues to be well received from those thinking of starting a business in the Scottish Borders. The workshops are well attended and in most cases exceed the target of 6 attendees per workshop. The new Early Stage Growth (ESG) target has worked well, allowing advisers more time to spend on those businesses looking to employ people within the first 18 months.
- (b) The growth figures are stronger at the lower target level, which is to be expected. Those in Local Growth Advisory Service (LGAS) show a good flow from the start up advisers through to growth. The achievement of an additional £100k of turnover is easier for the businesses in the area. Achieving the £200k and £400k turnover levels of the next target level is difficult, as witnessed by the less positive results of Growth Advisory Service (GAS) and Growth Pipeline (GP).
- (c) Growth Workshops showed a good result this year. This is in part due to the inaugural BG Conference in October 2017 in place of Business Week. This new approach was widely welcomed by businesses and as a result the conference will be repeated in October 2018.

- (d) ERDF targets have mostly been delivered. The employment figures are those monitored from the businesses worked with under the ERDF project. The low level of first-time exporters is in line with a similar picture across Scotland. At least part of this position can be related to uncertainty of foreign markets given the current Brexit process, but BG will continue to work on this.
  - (e) The Business Conference was a success with around 170 attendees and with overwhelmingly positive feedback. This is being repeated in October 2018 where the aim is to entice even more businesses to attend.
- 4.3 A key lesson for the BG team is that the geographical approach, adopted in 2016 continues to pay dividends. Each of the growth advisers are now known in their respective areas and work with intermediaries to provide a business support function. When new activity happens across the area this is easier to identify and for the adviser to become involved.
  - 4.4 Start-up figures remain steady with just under 20 per month on average. This is around the right amount that the service can appropriately cover from current resources. There is an opportunity to provide an electronic focussed start-up service in addition to the current offering. This will be trialled during 2018/19.

## **5 SERVICE UPDATE 2018/19**

- 5.1 The Business Gateway service follows a national specification and also provides a range of local services. 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.
- 5.2 In 2018/19 the Start-up team will continue to have two advisers, one of whom will be covering maternity leave. Early Stage Growth (ESG) segment allows the advisers to work more in depth with businesses who will employ staff; the aim is to ensure that these businesses can continue to grow with support from BG. Partnership with other organisations continues and BG will provide opportunities for these organisations to promote services to BG clients.
- 5.3 The Growth team has 4 dedicated advisers with the BG Manager making up a part-time fifth, each 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.
- 5.4 Workshops and events allow the BG service to be delivered to a wide audience of businesses. The range and subjects of workshops will increase, to help stimulate new enquiries from businesses. As well as the standard suite of BG Workshops the service will seek to respond to relevant subjects such as GDPR, Brexit and Making Tax Digital. Where possible these will be delivered by the in-house team.

- 5.5 The Business Gateway service is the front line of support to businesses offered by Scottish Borders Council. It continues to ensure that the businesses can access other council services such as 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.
- 5.6 One of the start-up advisers also delivers the Digital Boost workshops in the area. This programme now enters its third year and continues to be over subscribed for 1 to 1 support. Delivery of technology support is the main request from businesses across the country and Digital Boost is the Scottish Governments solution for this. Other opportunities exist from Google and Amazon and BG will aim to bring these sessions to the Scottish Borders
- 5.7 Internationalisation will continue to be a focus through ERDF activity. Like every region in Scotland, encouraging business to export is proving difficult at this time. It is estimated that Scotland needs a further 7000 business to export.
- 5.8 The second Business Conference ran in October 2018 and was again held in Springwood Park, Kelso. The conference provided support to businesses and attracted excellent speakers who delivered quality content encouraging the businesses to grow and look for new opportunities.
- 5.9 **Service Output Targets**

Setting targets for 2018/19 takes into account the experienced start-up adviser going on maternity leave and being replaced by an external maternity cover. There is also adjustment in growth figures to reflect the fact that there are now only 4 growth advisers with the BG Manager able to support as a 5<sup>th</sup> on a limited capacity.

**Table 2. Business Gateway Performance Targets for 2018/19**

<b>Service Output Targets</b>		
<b>Start-up Service</b>	<b>Target 2018/19</b>	<b>Actual to Sept 2018</b>
Total number of start-up customers who have begun trading	<b>200</b>	<b>129</b>
Early Stage Growth (ESG) businesses intending to employ within the first 18 months of trading.	<b>22</b>	<b>11</b>
Number of start-up workshops/seminars held	<b>50</b>	<b>22</b>
Number of clients attending start-up workshops/seminars	<b>300</b>	<b>119</b>
<b>Growth Services</b>		
Local Growth Advisory Service (LGAS) businesses expected to increase annual turnover by £100k on 3 years	<b>24</b>	<b>9</b>
Growth Advisory Service (GAS) businesses expected to increase annual turnover by £200k in 3 years	<b>12</b>	<b>6</b>

Growth Pipeline (GP) businesses expected to increase turnover by £400k in 3 years, approved by Scottish Enterprise	<b>4</b>	<b>1</b>
Account Managed (AM) Businesses who meet SE criteria for acceptance on to national account management structure	<b>1</b>	<b>0</b>
Number of workshops aimed at Growing Businesses	<b>40</b>	<b>22</b>
Number of clients attending growing business workshops/seminars	<b>240</b>	<b>299</b>
<b>ERDF Targets</b>		
Number of Masterclasses held	<b>6</b>	<b>1</b>
Number of Scottish Borders Business Fund grants issued	<b>20</b>	<b>10</b>
Increase in Employees in assisted companies	<b>40</b>	<b>5</b>
Number of businesses assisted to export for the first time	<b>15</b>	<b>0</b>

- 5.10 The figures for 2018/19 have been reduced slightly on start-up. This reflects the temporary removal of an experienced adviser being replaced by inexperienced maternity cover. The start-up workshops have been reduced due to available resource to deliver ½ day workshops. The table above also provides the position at the 6 month point, showing a positive achievement to date.
- 5.11 The Growth targets have remained constant for a number of years while there were 5 full time Growth Advisers in position. This has not been the case since January 2017. The figures have been reduced by around 20% to reflect the activity levels required to achieve the numbers. Again the position is shown at the 6 month point and continues to reflect the difficulty of the businesses in the area being able to achieve the turnover targets required for the segmentation process.

## **6 PERFORMANCE IMPROVEMENT PLAN**

- 6.1 In order to continue to build on the quality performance of the service, a series of actions will be implemented during 2018/19 as part of a Performance Improvement Plan, attached at Appendix 1. These include:
- (a) Research and consider implementation of proposed electronic start-up application
  - (b) Monitor adviser time against CRM and calendars for ERDF 'assist' target
  - (c) Start-up adviser to work in the evenings for a few hours per week, to contact potential starts who may be working during office hours
  - (d) Work closer with South of Scotland Local Export Partnership to assist in identification of exporting businesses
  - (e) Research additional IT and Digital provision to complement the Digital Boost Service, such as availability of Amazon Workshops and Google Garage
  - (f) Work closer with public/private sector providers of information workshops on relevant business issues such as GDPR/Brexit/Making Tax Digital

- 6.2 The Committee will receive regular updates on the performance of the Business Gateway service, as well as an annual review 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. Additional services are funded through EU funding, matched to the funding from the Scottish Government.
- (b) The in-house delivery costs of Business Gateway (£296,040) for 2018/19) are based on the budget available within the Council's five year Financial Plan, previously agreed by the Council.

### **7.2 Risk and Mitigations**

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. The main risks identified in the risk register relate to accessing the right type and number of businesses across the Scottish Borders and potential changes to future EU funding.

### **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.

### **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 month 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 travel 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 Chief Officer HR and the Clerk to the Council have been consulted and their comments incorporated into the report.

### Approved by

**Rob Dickson**  
**Executive Director**

**Signature .....**

### Author(s)

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**Background Papers:** None

**Previous Minute Reference: 19 September 2017**

**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).