
Business Gateway Progress Report – 1 April 2015 to 30 September 2015

Report by Corporate Transformation and Services Director

EXECUTIVE COMMITTEE

3 November 2015

1 PURPOSE AND SUMMARY

- 1.1 **This report presents an update on the performance of the Business Gateway in the Scottish Borders, covering the period 1 April 2015 to 30 September 2015.**
- 1.2 Service delivery is aligned to the National 2012-2017 Business Gateway Service specification, with additional local services funded through EU Projects that add value to the “core” Business Gateway service. This funding ran out on 30 September 2015 and a new round of ERDF funding is expected to start before the end of 2015. The Business Gateway Business Plan 2015/16 was approved in May 2015, and incorporated a Performance Improvement Plan to further enhance the service.
- 1.3 By the end of September a total of 331 businesses have accessed advisory services through Business Gateway with a further 635 businesses attending a workshop or event. Performance is good in relation to business starts with 108 recorded showing 109% of year to date (YTD) target. Focus has been put on Potential (PHVSU) and High Growth (HVSU) starts with the appointment of a part time adviser specialising in these areas, this has meant the best ever achievement in these are with 17 PHVSU and 8 HVSU clients representing 189% and 114% of YTD targets respectively. This provides an excellent pipeline of growth clients for future years. LGAS clients are also ahead of target at 18 which is 117% of YTD target. There has been a slower than expected start for higher growth clients and these are below target for the year. Whilst not satisfactory, plans are in place to counter this and annual targets are not a concern at this point.
- 1.4 Progress against key performance targets is detailed in Table 1 in section 3.2, and an update on the Performance Improvement Plan is in Appendix 1. Following on from a successful Business Week in 2014, the Scottish Borders Business Month is being held in October 2015 with 24 events across the Scottish Borders. This is in conjunction with a range of public and private sector partners. These events are expected to reach a large number of businesses and help to feed new clients into the segmentation model.

2 RECOMMENDATIONS

- 2.1 **I recommend that Executive Committee:**
 - (a) **Notes the improving performance of the Business Gateway Service to date and the actions planned for the future; and**

- (b) Continues to receive regular progress reports to monitor performance; and**
- (c) Requests that the Business Gateway provides an update to Committee in February 2016.**

3 BUSINESS GATEWAY PERFORMANCE

- 3.1 The service specification for the 2012-17 Business Gateway Service was developed nationally. Each local authority responsible for the delivery of Business Gateway services across Scotland is obliged to deliver to a consistent standard and to report in a consistent manner.
- 3.2 Table 1 below indicates the performance against target for the first five months of this financial year to 30 September 2015.

Table 1 – 1 April 2015 to 30 September 2015				
Service Output Targets				
Start-up Advisory Service	Target 2015/16	Forecast to 30 Sept 2015	Actual to 30 Sept 2015	% of forecast to 30 Sept
Total number of start-up customers who have begun trading	220	99	108	109%
Number of higher value start-up customers with agreed actions identified in Action Plan for Growth	20	9	17	189%
Number of higher value start-up customers with completed Action Plans for Growth	10	7	8	114%
Number of start-up workshops/seminars held	72	24	24	100%
Number of customers attending start-up workshops/seminars	360	120	174	145%
Growth Advisory Services for start-up and existing businesses				
Number of growth customers with agreed actions identified on their Action Plan for Growth	20	9	6	67%
Number of growth customers accepted into growth pipeline relationship with SE	10	5	0	0%
Number of growth customers accepted into account management relationship with SE	2	1	0	0%
Number of growing business workshops/seminars held	25	16	25	156%
Number of clients attending growing business workshops/seminars	125	80	151	189%
BG Local Services				
Number of growth customers accepted into Local Growth Advisory Service	45	18	21	117%
Number of customers accessing local expert help services	30	23	3	10%
Number of workshops/seminars held	50	16	13	81%
Number of customers attending workshops/seminars	250	180	310	172%

- 3.3 As can be seen from Table 1, the **Start-Up** figures are in line with the target for the period to the end of September. This is a good result as summer months tend to be quieter with the number of start-ups rising again from the Autumn onwards. Looking at the higher value starts: the appointment of a dedicated (part time) adviser working on potential and actual higher value

starts has proved successful. The added focus has helped identify more businesses than ever before in this traditionally difficult segment. This provides a good number of businesses in the pipeline for further growth in the coming years. The next round of ERDF funding has not yet been finalised and this will result in a delay of that funding until at least January 2016. Additional activity and support will not be available to businesses during the period from 1 October 2015 until funding is in place. This will have a negative impact on Expert Help and consequently higher level growth target figures.

- 3.4 To help stimulate demand for the start-up service Business Gateway has held outreach surgeries in Kelso, Duns, Eyemouth, Galashiels, Peebles and Hawick between May and September 2015. This has been made possible with the use of ERDF funding. Unfortunately these surgeries have not been successful with a total of 30 adviser days over this period only generating 12 enquiries. These will not be continued past September but instead resource will be put back into running start-up workshops in locations around the area. Four will be held in Peebles in October 2015 and 4 in Hawick (at the new Burnfoot Community Hub) in November. A different location will be identified each month with the exception of December.
- 3.5 With the exception of Local Growth Advisory Service, the growth targets continue to be challenging. At the upper end for Account Management referrals to Scottish Enterprises, two businesses have already been identified that will be accepted into this service, this will meet the annual target, possibly before the end of November 2015. Growth Advisory Service and Growth Pipeline are more difficult to forecast as it relies on businesses increasing turnover by £200k and £400k respectively. These are high targets for businesses in the area.
- 3.6 Business Gateway is taking a "localities" approach and has identified 5 advisers to work in each of the identified areas. The aim of this approach is to address to reduced numbers of growth businesses in the region. The first task is to map businesses in the areas and identify those that do not have a current working relationship with BG or Scottish Enterprise. This will identify businesses that the advisers will contact with a view to placing these in growth business segmentation.
- 3.7 Finally within the **Local Services**, performance is strong. The overall total number of clients contacting and working with an adviser remains very robust. The total number of businesses accessing a service, either one to one or as part of a workshop or event is very high and ahead of this time last year. The "expert help" service continues to be a challenge. The pipeline for the service was strong but clients were reluctant to spend their contribution (each business having to meet 50% of the costs), leading to a number of projects being cancelled. When the ERDF funding is forthcoming it will again include a budget for "expert help" and an internal review of how this is delivered locally will be undertaken. As explained above, the delay in this funding will have a detrimental impact on meeting this target.

4 PERFORMANCE IMPROVEMENT PLAN 2015/16

- 4.1 The Business Gateway Business Plan 2015/16, approved by the Economic Development Group at its May 2015 meeting, included an 11-point Improvement Plan for the service.
- 4.2 Appendix 1 sets out the Performance Improvement Plan and progress to date. Key highlights to note are as follows:
 - (a) The implementation of a Client Management system to identify and highlight the progress of top performing businesses; and

- (b) The delivery of 5 Masterclasses attracting more than 300 businesses to attend the events

Business Competitiveness Project

- 4.3 In addition to the core activity noted above, the Business Gateway also participates in the delivery of the EU supported South of Scotland Business Competitiveness Programme, which ran from January 2012 to September 2015. This programme provided additional support to businesses in the tourism, food and drink and renewables sectors. The activities and outputs for this programme are delivered by staff based at the Business Gateway and in the Economic Development Team but due to the funding sources involved are recorded separately.
- 4.4 The key performance indicators and achievements for the Scottish Borders to end of September 2015 are noted in Table 2 below. These are the final figures for the project:

Table 2 – South of Scotland Business Competitiveness Project Progress	Programme Target (Sep 2015)	Actual to end Sep 2015	% against target
Business Assists	240	448	186%
QA Scheme Support	52	61	117%
Marketing Support	60	194	323%
Marketing Projects	20	22	110%
Support for e-commerce	20	41	205%
e-commerce Projects	10	10	100%
Ecommerce strategies	5	3	60%
New Business Starts	10	65	650%
Environmental audits	5	7	140%
Green Tourism Support	25	3	12%
Support for Energy Saving	20	51	255%
Number of Jobs	64	126	197%

- 4.5 This project has been a resounding success and allowed a range of additional projects to be carried out in the area bringing benefit to many businesses and individuals. Green Tourism Support and E-commerce strategies were difficult to implement as is seen by the failure to reach target in these areas. The Green Tourism project through VisitScotland was unattractive to businesses due to the cost and limited perceived benefit. This has now been recognised by VisitScotland, which is amending this scheme, but this has come too late for the benefit of the project.

5 IMPLICATIONS

5.1 Financial

- (a) Scottish Borders Council receives funding to deliver Business Gateway in the Scottish Borders from the Scottish Government. The additional "local services" are funded through EU funding, matched to the funding from the Scottish Government.

- (b) The in-house delivery costs of Business Gateway (£294,506 for 2015/16) are based on the budget available within the Council's five year Financial Plan agreed by Council.

5.2 Risk and Mitigations

- (a) As noted above, performance against some key indicators is lower than expected, and should this underperformance continue, whilst not being a financial risk, it does create potential for a reputational risk. These risks are being addressed by a number of projects within Business Gateway to help identify businesses with growth potential. Included in this is the allocation of an adviser to take responsibility for each of the 5 localities in the Borders.
- (b) A risk workshop was undertaken in March 2015 and an Action Plan developed and implemented to mitigate the key risks. This Risk Register is reviewed quarterly. This is a continuous process to ensure that the service continues without incident.

5.3 Equalities

An Equality Impact Assessment (EIA) was carried out in March 2015 and the findings were incorporated in the Improvement Plan. A key aspect of the Council's Economic Development Team's work is to reduce barriers to economic inequality and information on service delivery to equalities groups is monitored. This is incorporated into the operations of the Business Gateway and is required by the Scottish Government through COSLA.

5.4 Acting Sustainably

The Business Gateway Service has a number of targeted outputs and outcomes that deliver economic benefit: these relate to the number of businesses assisted, new business start-ups, growth and local service priorities as defined by the Council.

5.5 Carbon Management

There is no net increase in carbon emissions at a Scottish Borders level as this is the continuation of an existing service delivery.

5.6 Rural Proofing

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

5.7 Changes to the Scheme of Administration or Scheme of Delegation

There are no changes to be made.

6 CONSULTATION

- 6.1 The Chief Financial Officer, the Service Director Regulatory Services as Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, 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

Corporate Transformation and Services Director

Signature

Author(s)

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Background Papers:

None

Previous Minute Reference:

Item 6, Executive Committee, 12 May 2015

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

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