
BUSINESS GATEWAY ANNUAL REPORT AND BUSINESS PLAN 2016-17

Report by Corporate Transformation & Services Director

EXECUTIVE COMMITTEE

10 MAY 2016

1 PURPOSE AND SUMMARY

- 1.1 This report summarises the Business Gateway service's performance in 2015/16 and seeks approval of the Business Plan for the delivery of Business Gateway services in the Scottish Borders to 31 March 2017.**
- 1.2 2015/16 saw the majority of national targets being achieved by the Business Gateway team with a particularly good performance with business starts. Over 1500 business people attended Business Gateway events, an increase of 150% on the figure for 2014/15. In addition, Business Gateway advisers were heavily involved in other local actions, most notably the launch of the Borders Railway and the recent flood events.
- 1.3 The Business Plan for 2016/17 fully uses the new European Regional Development Fund confirmed on 31 March 2016. The plan shows a boost to the start-up team as well as a new geographical focus for the Growth Advisers, using the Council's 'Localities' Map. There will be an increase in the number of events delivered across the whole area. Emphasis will 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 National Service Specification and will aim to achieve the outcomes set out in the new 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 service in 2015-2016;**
 - (b) Approves the 2016-2017 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 organised in November 2016 with a range of Business Gateway customers to allow elected members to directly receive feedback on service delivery and areas for further improvement.**

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 (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 2012-17 Business Gateway service was developed nationally and was approved by the Business Gateway Scotland Board on 21 November 2011. 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 operates from the Ettrick Riverside Business Centre in Selkirk. The team of 10 consists of 7 full time and 3 part time staff, including the Business Gateway Manager.
- 3.5 The Business Plan for the period up to 2017 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 2015/16 is noted in Table 1 below. The targets for 2016/17 are set out later in this report.

Table 1. Business Gateway Performance figures 2015/16

Service Output Targets			
	Target 2015/16	Actual 2015/16	%age
Start-up Advisory Service			
Total number of start-up customers who have begun trading	220	219	99%
Number of higher value start-up customers with agreed actions identified in Action Plan for Growth	25	26	104%
Number of higher value start-up customers with completed Action Plans for Growth	10	15	150%
Number of start-up workshops/seminars held	72	74	103%
Number of customers attending start-up workshops/seminars	360	461	128%
Growth Advisory Services for start-up and existing businesses			
Number of growth customers with agreed actions identified on their Action Plan for Growth	20	14	70%
Number of growth customers accepted into growth pipeline relationship with SE	10	6	60%
Number of growth customers accepted into account management relationship with SE	2	2	100%
Number of growing business workshops/seminars held	25	62	248%
Number of clients attending growing business workshops/seminars	125	350	280%
BG Local Services			
Number of customers accessing local advisory services	400	646	161%
Number of growth customers accepted into Local Growth Advisory Service	45	31	69%
Number of customers accessing local expert help services	7	3	43%
Number of workshops/seminars held	50	37	74%
Number of customers attending workshops/seminars	250	701	280%

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

- (a) Business Gateway continued to be ambitious with its Growth targets for 2015/16 and has met most of these targets. An excellent turnout was achieved at events with an excess of 1500 attendees. The increased focus on higher growth starts produced an excellent result against target. Start-up figures, although just short of target, are significantly better than expected nationally.
- (b) The three Growth targets that were not achieved could be attributed to the delay in European Regional Development Fund (ERDF) funding coming on stream; but it is also considered an indication that the number of local businesses which meet the national criteria for growth is fewer than anticipated. The structure planned for 2016/17 will help to investigate this further and will hopefully lead to greater success in 2016/17 and future years.

- (c) The Expert Help figures reflect the fact that this was an ERDF funded project which needed to be completed by 30 September 2015. In practice this meant there was only three months of funding for the year, reflected in the part-year target and result in Table 1.
 - (d) The workshops delivered can be broken down into those aimed at Start-ups and those aimed at Growth Businesses. When the targets were set last year the need to outsource the delivery of the IT workshops was expected. However, a maternity cover business adviser was able to deliver internal workshops. A more accurate reflection of achievement for workshops/seminars is to combine the Growth section and local section figures in Table 1. These measures have been simplified in the targets for 2016/17.
 - (e) The series of five Masterclasses, delivered with ERDF money, were very successful with almost 400 attendees.
 - (f) Business Month was run during October and early November 2015, ending with the Borders Business Excellence Awards. The decision to run this over a month rather than a week was to allow more time for people to attend more events. This was not as effective as expected leading to a number of events being cancelled due to lack of bookings. This year it is intended to revert back to a Business Week. This will start on 31 October 2016 and again will finish with the Business Awards at the end of that week.
- 4.3 There were a number of operational challenges that affected Business Gateway in the previous 12 months. Most notably the introduction of a new nationally procured and implemented Customer Relationship Management (CRM) System. This new system has taken time to become fully operational nationally. Also, the expected ERDF funding approval was delayed at a national level. This led to a break in funding from 30 September 2015 until 1 April 2016. Although Scottish Government permitted the retention of the advisers, the funding position prevented the team from doing any proactive work which is a critical part of the identification of new Growth businesses.
- 4.4 Business start-up numbers and local advisory services are higher than expected. The low rate of unemployment that is currently occurring has caused a downturn in the number of people seeking to start up a business. There is an expected downturn of 20% in start-up numbers across Scotland, but the Scottish Borders has been able to buck this trend locally, almost achieving the annual target.
- 4.5 Survival Monitoring continues to be strong for the Scottish Borders when compared to the rest of the country. Figures show survival rates of 89% for 12 months of trading and 86% for 36 months compared to 77% and 66% respectively for national figures.

5 BUSINESS PLAN 2016/17

- 5.1 The revised Business Plan sets out the opportunities to further develop the Council's in-house Business Gateway service delivery model. This delivers against the detailed national service specification and also provides a range of local services for the period to 31 March 2017.
- 5.2 The Business Gateway service follows a national specification. 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 2016/17 the Start-up 'team' will be increased in size to have two advisers working on this element. The additional resource will focus on the Potential High Value and High Value Start clients, i.e. those with highest growth potential. Strengthening this service will enable easier identification of new start businesses, a more supportive role with these new businesses and more focussed support on those exhibiting early signs of growth. It will also enable more business development to take place 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 will be 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 with the Export Association to deliver a range of workshops to encourage Internationalisation in local businesses. 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. This was a very successful part of 2015/16 delivery.
- 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 such as the new Hawick Action Plan.
- 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. The Service will also continue with the implementation of the national Digital Boost Programme which aims to deliver Information and Communications Technology (ICT) advice to businesses across the country. This is a Scottish Enterprise funded project being delivered by COSLA. The Council is acting as a key partner by hosting the staff recruited.
- 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. Operationally this means allocating a part-time member of staff to look at these areas and consider how these can be further developed. The team will also look at opportunities for innovation centres and proactively encourage businesses to investigate exporting for the first time.

5.10 The team were very successful in improving Business Gateway's exposure in the local press last year and will continue to build on that effort in the coming year. A monthly page in the Border Telegraph has been secured, providing business advice. Regular press releases continue to be issued and an internal target has been set to identify business case studies that can be used to promote Business Gateway services. The ERDF funding provided the opportunity to take radio advertising and a number of other adverts in local publications and opportunities to repeat this will be considered. The team will continue to work with partner organisations and also increase its work with intermediaries who can introduce advisers to new clients.

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 Single Outcome Agreement priority to reduce inequalities in the Scottish Borders.

5.13 **Service Output Targets**

In a bid to rationalise the reporting of Business Gateway activity in the Scottish Borders it is proposed to report on the following activity in future:

Table 2. Business Gateway Performance Targets for 2016 – 17

Service Output Targets		
Start-up Service	Target 2016/17	Actual 2016/17
Total number of start-up customers who have begun trading	220	
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	25	
High Value Start-ups (HVSU). Businesses that actually turning over in excess of £70k in the first year or have employed someone	20	
Number of start-up workshops/seminars held	72	
Number of clients attending start-up workshops/seminars	432	
Growth Services		
Local Growth Advisory Service (LGAS) businesses expected to increase annual turnover by £100k on 3 years	30	
Growth Advisory Service (GAS) businesses expected to increase annual turnover by £200k in 3 years	15	
Growth Pipeline (GP) businesses expected to increase turnover by £400k in 3 years, approved by Scottish Enterprise	6	
Account Managed (AM) Businesses who meet SE criteria for acceptance on to national account management structure	2	
Number of workshops aimed at Growing Businesses	60	
Number of clients attending growing business workshops/seminars	360	
ERDF Targets		
Number of Masterclasses held	10	
Number of Scottish Borders Business Fund grants issued	20	
Increase in Employees in assisted companies	40	
Number of businesses assisted to export for the first time	15	

5.14 The revised indicators in the above table 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 alone.

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 2016/17 as part of a performance improvement plan. These include:

- (a) Increased resource to look at start-ups and early stage growth businesses.

- (b) Allocation of a 'locality' to each of the five growth advisers facilitating achievement of growth targets and providing a better resource for businesses across the Scottish Borders.
 - (c) Development and delivery of a new series of Masterclasses and Networking events across the area.
 - (d) Research into alternative use of buildings across the area for potential business incubation and innovation centres.
 - (e) Proactively encourage local businesses to export for the first time and to seek out new markets.
 - (f) Continuing to promote the benefits of the digital economy to businesses in the Scottish Borders through use of the National Digital Boost Programme.
 - (g) Continue to deliver workshops across the Borders including areas of greater deprivation.
 - (h) Continue to work with national agencies (COSLA and SE) to ensure the improvement and suitability of the new CRM system.
- 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 a new 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 (£314,237 for 2016/17) are based on the budget available within the Council's five year Financial Plan agreed by Council.

7.2 Risk and Mitigations

- (a) As part of the ongoing management of the Business Gateway, a risk workshop was held in February 2016 with support from the Council's Corporate Risk Team. The Risk Register is reviewed quarterly 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 area and potential changes to future EU funding. The Business Plan has been written to address these risks.

7.3 Equalities

An equality impact assessment (EIA) was written in April 2015 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 2016/17.

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. These relate to the number of businesses assisted, start-up and growth service priorities as defined by the Council. The service aims to help businesses

and the economy become more diverse and sustainable in the long term.

7.5 **Carbon Management**

By bringing the Business Gateway service in-house and using office space at Ettrick Riverside, Selkirk, there is no net increase at a Scottish Borders level as this is the continuation of an existing service delivery.

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 have been incorporated into the report.

Approved by

**Corporate Transformation
& Services Director**

Signature

Author(s)

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Background Papers: None

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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.

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