

**THE HIGHLAND COUNCIL**

**PLANNING, ENVIRONMENT AND DEVELOPMENT COMMITTEE**

**15<sup>TH</sup> MAY 2013**

**BUSINESS GATEWAY**

**Report by Director of Planning and Development**

Agenda Item	7
Report No	PED 32/13

**Summary**

This report updates Members on:

- Business Gateway Contract Performance for the year end 2012/13
- 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. 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> March 2012 – 31<sup>st</sup> March 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 2012/13 operating year.

**2.2 Start Up Activity**

The target for start-ups for the operating year was 272 with 215 achieved. Overall number of start ups coming through Business Gateway is lower than last year. Rural Highland Start Ups have remained stable though, whilst Inverness has experienced near to a 50% drop. There can be a number of reasons for this, the downturn in the retail and service sector having considerable impact.

### 2.3 Growth Activity

Support to growth businesses is lower than target and reflects the national Business Gateway picture and the challenging economic environment. This is not to say growth is non-existent, it is just more challenging, and the team have supported 15 businesses with aspirations to grow their turnover by £100k or more over the next three years.

2.4 The target for supporting businesses, with growth aspirations and capacity, to move into account management with Highlands and Islands Enterprise has not been achieved. This is a genuine reflection of the challenging economic conditions, and the experience across Scotland. On a positive note, 7 businesses, with aspiration to grow their turnover by £200k over the next three years did move into account management.

### 2.5 Advice to Existing Businesses

Over 548 existing businesses have received a wide range of support from the BG team. This includes:

- Marketing and Sales
- Access to Finance
- Financial Management
- Ecommerce
- Competing for contracts
- 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.

## 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:

### Business Finance

Highland Opportunity Loans: The demand for loans has been down this year and as a result the target for number and value of loans has not been reached

### Enterprise Europe

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

Business Support Activity this year has included working with Miller Construction to increase access for local businesses to compete for sub-contracting opportunities, supporting businesses to export to Europe, and developing and piloting “how to tender for public sector contract” workshops

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

In addition to the Business Gateway service, PTYBS provides mentoring support, and both grant and loan finance to young people aged 18-30. 33 young people, exceeding the target of 25, have been supported to start up in business this year.

### Enterprise Activity; School Level and Further Education

Highland Council, the Business Gateway team and Highland Opportunity support Young Enterprise Scotland, the UHI's Centre for Enterprise and Innovation, Business Dynamics for schools and the European Business Game. This activity seeks to stimulate entrepreneurial activity in education by inspiring, encouraging and supporting young ones to think about or to start a business.

Ann Gillies, ECS, is coordinating a steering group to review and develop 14 plus support for enterprise and we will contribute to that agenda.

### 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.

232 businesses have been given advice this year, which has contributed to the creation of 74 jobs, 29 of which are first time employers.

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.

### Highland and Island's Digital Engagement Programme

The following activity has been delivered to end March 2013.

- The online support tools and ask the advisor facility [www.digitalthiguide.co.uk](http://www.digitalthiguide.co.uk) has 128 registrations in the Highland area. Average visit time is just under 5 minutes.
- 4 workshops were held in Thurso; Build your Own website, Getting Started with Social Media, Doing more Social Media, and Improve your Website performance.
- 6 Businesses have had or are in the process of having a Digital Health Check.

## **4. Implications**

### **4.1 Resource:**

The Business Gateway contract was underspent this year by £71,000. This was due to a delay in the 1<sup>st</sup> quarter with the introduction of a new contract to deliver workshops and a number of cost efficiencies secured throughout the financial year including salary and pension, travel and subsistence, workshop delivery costs and office costs. The 2013/14 contract budget is fully committed/planned.

### **4.2 Legal, Equality, Climate Change, Risk:**

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

## **5. Recommendation**

### **5.1 The Committee is recommended to:**

- (i) Note the Business Gateway core service, its delivery and the wider business support provided.
- (ii) Note performance for the operational year 2012/13

Designation: Director of Planning and Development

Date: 26<sup>th</sup> April 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 BG 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 2012/13 are outlined below:

<b>Start Up Advisory Service</b>	Target	<b>2012/13</b>	2011/12
Number of volume start up clients who have begun trading	272	<b>215</b>	245

<b>Growth Advisor Service</b>	Target	<b>2012/13</b>	2011/12
Number of growth companies assisted with action plans (seeking to grow turn over by £100k over next 3 yrs.)	25	<b>8</b>	N/A
Number of growth companies accepted into a growth pipeline relationship with HIE (seeking to grow turn over by £200k over next 3 yrs.)	20	<b>9</b>	22
Number of growth companies accepted into HIE account management	14	<b>7</b>	9

<b>General Advice</b>	Target	<b>2012/13</b>	2011/12
Number of existing businesses accessing advisory services	600	<b>548</b>	404

<b>Loan Activity</b>	Target	<b>2012/13</b>	2011/12
<b>Loan Funds</b>			
Number of loans	35	<b>18</b>	33
Value	£550,000	<b>£326,400</b>	£576,800
<b>Princes Trust Youth Business Scotland</b>			
Number of clients supported with loans or grants.	25	<b>33</b>	25
<b>Number of jobs created as a result of loan activity</b>	150	<b>153</b>	180

**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.