

THE HIGHLAND COUNCIL

PLANNING, ENVIRONMENT AND DEVELOPMENT COMMITTEE

6 November 2013

Agenda Item	8
Report No	PED 68/13

BUSINESS GATEWAY

Report by Director of Planning and Development

Summary

This report updates Members on:

- Business Gateway contract performance year to date, 2013/14
- 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. (HOL). The Council via this contract also delivers the service on behalf of Moray Council, under a shared service agreement.

2. Performance: 1st April 2013 – 30th September 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 year to date.

2.2 Start Up Activity

Start-up activity is on target for the first half of the year, with 128 start ups supported.

The most recent start up survival rates (sampling carried out by Business Gateway national) show a 76% three year survival rate and a 82% one year survival rate for Highland. This compares favourably with the national figures of 74% and 78% respectively.

2.3 Growth Pipeline and Account Management Activity

The number of businesses moving in to the account management pipeline and account management with Highlands and Islands Enterprise (HIE) is under target. While it was anticipated in August that this figure would be on profile at this time, not all proposed companies have been accepted by HIE for a variety of reasons, for example, they are not ready, or are serving a local market only. This reflects the wider Highlands and Islands and national picture and it is acknowledged that targeted activity to find and support businesses with aspirations to grow, although challenging, needs to be increased, i.e. identify and support more businesses to grow and be submitted to HIE.

A new growth and leadership programme will be piloted next quarter. Identified businesses will be invited to attend a series of intensive workshops specifically aimed at developing leadership capacity and tailored growth plans. And a second programme, to specifically support women to grow their business, will also be launched.

In addition Business Gateway national will pilot a Highlands and Islands tailored marketing campaign to raise awareness of the advice and services available to help them to grow.

2.4 Advice to Existing Local Businesses

244 local businesses have received a wide range of support from the Business Gateway team year to date. While this is an improving figure during the 2nd quarter, this remains below target. The advice is wide ranging with the main needs being:

- Marketing and Sales
- Financial Management
- Business Resilience
- Employment Advice

This support 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.

2.5 Workshops and Partnership Programmes

A total of 635 delegates have attended Business Gateway and partner workshops this year and it is anticipated that this will generate opportunities to identify and engage with businesses with growth potential. Partners in delivering workshops and events include UHI Management School, UHI CREATE and PACE (Partnership Action for Continuing Employment) and HMRC. Examples of some of the workshops are given below.

- HMRC Becoming Self Employed
- PAYE in Real Time
- Accessing Business Finance
- Brora Means Business
- UHI Business Lunch
- What's the Big Idea?

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:

3.2.1 Business Finance

HOL Loans: 10 loans have been approved this year totalling £183,000. The strategy for loan products has been reviewed by the HOL Board and a marketing campaign will be delivered with the aim of increasing awareness of HOL’s investment activity going forward.

3.2.2 Graduate Placement Programme.

Since the start of the programme in August 2012, 34 applications have been approved. This programme is managed by a graduate on a rolling one year graduate opportunity placement within the Economy and Regeneration team. The year 2 graduate has recently started work with the Service and the first graduate has successfully completed his placement and has secured full time employment in the Council’s Corporate Improvement team.

3.2.3 Enterprise Europe

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

A small grant is currently available to support businesses to learn more about the opportunities to export, by visiting a trade show for the first time. This will allow the business to explore and learn about the potential opportunities and practical issues involved in attending global trade shows.

3.2.4 Prince’s Trust Youth Business Scotland (PTYBS)

In addition to the Business Gateway service, PTYBS continues to provide mentoring support and both grant and loan finance to young people aged 18-30. The targets for start-up activity and loan support have been exceeded for the year to date.

Members will be pleased to note that Magnus Houston of Coast & Glen Ltd, the winner of the Highland Business Awards 2013, has been selected as one of the final three businesses to go forward to the national Celebrate Success Awards to be held in Glasgow on 27th November 2013. He was selected as only one of three businesses out of the 17 Regional Winners. In addition to accessing PTYBS support, Coast and Glen Ltd. has benefitted from an added value package of support from the Council and HOL: employment and business growth grants from the Council; Business Gateway advice; advice on exports from

Enterprise Europe and HOL loan finance.

3.2.5 Create and Employ

This joint Council and ESF funded service 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.

3.2.6 Since the start of the project, 341 businesses have been given advice and support which has contributed to the creation of 129 new jobs, 51 of which have been first time employers creating jobs.

3.2.7 The service has been shortlisted for the Council's Quality Awards and entered for the COSLA excellence awards.

3.2.8 Highlands and Islands Digital Engagement Programme

A package of support includes one-to-one digital health checks, online IT guides and group workshops.

1. The health checks consist of up to three days free, impartial expert advice from a specialist adviser that can be delivered in person, by phone, Skype or email. Anything IT related can be covered in the digital health check and it can cover as many different topics as the business or social enterprise requires advice and support on.

The adviser can cover a range of areas including; reviewing your business's website, advise on how to use social media to market services and products, resolve hardware, software and data issues, and support entrepreneurs on how to develop an e-commerce website.

2. Business owners can also access 150 IT guides at www.digitalhiguide.co.uk. Written by experts, with a strong focus on the needs of companies across the Highlands and Islands, the list of topics is vast and includes information about The Cloud, social media and tablet computing.

3. Workshops are available across the area throughout the year and cover all the major themes surrounding digital engagement such as developing a social media strategy, making IT work for you and mobile computing.

Since the start of this joint Business Gateway and HIE partnership pilot project, the following outputs have been achieved across Highland:

- 43 businesses have accessed digital health checks
- 82 businesses have attended IT workshops
- 187 people have registered for these online IT guides

Work is ongoing to monitor this pilot project and learn how best to reach and engage with business.

4. **New Activity**

4.1 Business Gateway Plus Activity

The Council has been successful in bidding for and securing £33k ERDF funding to deliver additional business support activity:

- Providing master classes in procurement, incorporating support from Co-

operative Development Scotland, with the aim of assisting local businesses (including social enterprises) to identify, be business ready and able to respond to contract opportunities and collaborative tendering.

- Developing local supply chains through development activity with primary contractors to encourage them to put subcontracts out to competition (through Scottish Government's Public Contracts Scotland web service) in order to increase the volume of contract opportunities advertised in the public domain.
- A programme of master classes focusing on access to finance with the aim of building confidence and capacity in businesses looking at alternative sources of finance in order to grow and improve competitiveness.
- Exploring opportunities for a network of Highland Business Angels with the aim of providing opportunities for investment into local businesses.

This activity aligns with the priorities of the Highland Economic Forum and The Highland Council's 2012 – 2017 Programme and adds value to the current Business Gateway programme of support.

4.2 Superfast Broadband and Digital Zone

Over the next 6 months, Highlands and Islands Enterprise in partnership with Business Gateway and Citizens On-line will deliver a series of roadshows, focused on areas where superfast broadband becomes available. The road shows will start in Inverness and will provide intensive activity to engage and support the community to "get online" or do more "on-line".

5. **Implications**

5.1 Resource:

There are no resource implications directly arising from this report.

5.2 Legal, Equality, Climate Change, Risk:

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

6. **Recommendation**

6.1 The Committee is recommended to:

- (i) Note performance for the year to date of the operational year 2013/14.
- (ii) Note the Business Gateway core service, its delivery and the wider business support provided.

Designation: Director of Planning and Development

Date: 21st October 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 Business Gateway 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 2013/14 are outlined below:

Start Up Advisory Service	Target	YTD
Number of volume start up clients who have begun trading	252	128

Growth Advisor Service	Target	YTD
Number of growth companies assisted with action plans (seeking to grow turn over by £100k over next 3 yrs.)	50	20
Number of growth companies accepted into a growth pipeline relationship with HIE (seeking to grow turnover by £200k over next 3 yrs.)	20	4
Number of growth companies accepted into HIE account management	14	3

General Advice	Target	YTD
Number of existing businesses accessing advisory services	650*	244

**Note the target for number of businesses receiving advice has been increased from 600 to 650 to reflect the additional recruitment advisor activity.*

Loan Activity	Target	YTD
Loan Funds		
Number of loans	30	10
Value	£400,000	£183,000
Princes Trust Youth Business Scotland		
Number of clients supported	25	22
Number of jobs created/retained as a result of loan activity	150	50

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.