

**THE HIGHLAND COUNCIL**

**PLANNING, ENVIRONMENT AND DEVELOPMENT COMMITTEE**

**12 February 2014**

Agenda Item	8
Report No	PED 10/14

**BUSINESS GATEWAY**

**Report by Director of Planning and Development**

**Summary**

This report updates Members on:

- The Business Gateway service performance year to date, 2013/14
- The 2014/15 Service Plan for the full portfolio of support for business provided by the Planning and Development Service, including the Business Gateway service.

The delivery of the Business Gateway service and other complementary business related services 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. Performance: 1<sup>st</sup> April – 31<sup>st</sup> December 2013**

1.1 The Planning and Development Service meets 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.

1.2 Start-up Activity

Start-up activity has picked up with the December start up figures being the highest since 2009. Inverness figures are also showing recovery after the noticeable drop last year.

The most recent survival rate calculated for Start Ups was 87% at 12 months and 74% at 36 months. This is above the national average of 76% and 67% respectively.

1.3 Growth Advisory Service

The Business Gateway advisory team are working with over 35 businesses on growth plans which identify the business development needs and agree a package of advice and support to meet these aspirations.

The process, however, for businesses to then be identified and move into growth pipeline and account management with HIE remains challenging to progress, and as a result the indicators which record this activity remain under target. A variety of factors impact on this activity but, by focusing resources towards growth plans, the Business Gateway service, together with additional support funded by the Council, is seeking to ensure that it is doing its best to meet business needs.

#### 1.4 Existing Businesses seeking Advice

Whilst demand for one to one advice has decreased this quarter, attendance at business training workshops has increased, with over 700 delegates attending business skills courses in the year to date. This means that overall the number of businesses receiving support and advice is on target.

Recruitment, marketing, financial planning and digital advice are a priority for businesses. Sales and Marketing, Social Media and Record Keeping remain key workshops, and the Business Gateway National Information Service is increasingly valued as a support tool.

#### 1.5 Loan and Grant Support

Demand for Highland Opportunity Loans is healthy, and the jobs created and retained as a result of a loan activity, are expected to be on target for the year end.

#### 1.6 Quality Assurance

The Highland Business Gateway service participates, on a monthly basis, in an external quality assurance exercise commissioned by the national Business Gateway team. As illustrated in the table below, the Service received high levels of satisfaction to end November 2013. This compares to the 88% of respondents in the Citizens' Panel who indicated that in 2013 they were satisfied with the overall service provided by the Council.

	Highland	Number	National	Number
Overall satisfaction ( <i>very satisfied or satisfied</i> )	85%	94	87%	1,691
Service delivered met expectations ( <i>met or exceeded expectations</i> )	84%	90	87%	1,668
Benefit the business will gain from service received ( <i>gaining some benefit or significant benefit</i> )	77%	93	83%	1,702
Would recommend Business Gateway ( <i>definitely or probably</i> )	83%	95	87%	1,705
Provided with a service by Business Gateway	90%	113	93%	2,147

1.7 In addition, focus group research on the Business Gateway website provided useful feedback. For start-ups and growing start-up the site exceeded the focus groups' expectations. However, growth businesses are looking for more sophisticated information and awareness of the site is low.

## 2. **Business Support Service Plan 2014/15**

2.1 Members will be aware that each year a Service Plan is prepared, to accompany the Business Gateway contract specification and guide the operational priorities for the Business Gateway service for the coming year. This year to better reflect the range of support that is provided by the Council and Highland Opportunity Ltd in an integrated manner alongside the Business Gateway service, the Service Plan seeks to inform all of this business support related activity.

2.2 Appendix 2 sets out the proposed Service Plan for 2014/15.

### **3. Implications**

#### 3.1 Resource:

As part of the Council's agreed budget savings, efficiency savings of £15,000 will be identified and reduced from the cost of the Business Gateway contract. As agreed these savings are to be secured from overhead costs with no adverse impact on front line service delivery for businesses.

#### 3.2 Legal, Equality, Climate Change, Risk:

There are no direct Legal, Equality, Climate Change/Carbon Clever 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) Approve the Business Support Service Plan for the operational year 2014/15

Designation: Director of Planning and Development

Date: 24<sup>th</sup> January 2014

Author: Maria Peter, 01463 702289

**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:

<b>Start Up Advisory Service</b>	<b>Annual Target</b>	<b>YTD</b>
Number of volume start up clients who have begun trading	272	<b>200</b>

<b>Growth Advisory Service</b>	<b>Annual Target</b>	<b>YTD</b>
Number of growth companies assisted with action plans (seeking to grow turn over by £100k over next 3 yrs.)	50	<b>35</b>
Number of growth companies accepted into a growth pipeline relationship with HIE (seeking to grow turnover by £200k over next 3 yrs.)	20	<b>5</b>
Number of growth companies accepted into HIE account management	14	<b>4</b>

<b>Advice to Existing Business</b>	<b>Annual Target</b>	<b>YTD</b>
Number of existing businesses accessing advisory services	650	<b>377*</b>

*\*This figure does not cross reference with the 700 delegates who have attended workshops. An admin process will be put in place to provide a complete figure of unique businesses accessing advisory services and training and the figure reflected is expected to be higher.*

<b>Loan Activity</b>	<b>Annual Target</b>	<b>YTD</b>
<b>Loan Funds</b>		
Number of loans	30	<b>18</b>
Value	£400,000	<b>£359,000</b>
<b>Princes Trust Youth Business Scotland</b>		
Number of clients supported	25	<b>26</b>
Number of loans provided	10	<b>9</b>
<b>Number of jobs created/retained as a result of all loan activity</b>	150	<b>117</b>

**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.

## **Appendix 2: Business Support Service Plan 2014/15**

### **Context.**

The priorities for business support, directed by the Government Economic Strategy, the Council's 2012-2017 Programme and the Single Outcome Agreement, are to:

- Stimulate and Support Entrepreneurial Activity
- Support Business Start Up
- Support Business Resilience and Health
- Support Businesses to develop and grow

*Note: "business" includes social enterprises and community enterprises.*

The key outcome of this activity, which is aligned to the Council Programme and the Single Outcome Agreement is:

- Increased business productivity and profitability.
- The creation and retention of quality jobs

### **Business Support Service: What will we provide?**

We will continue to develop our business support products and services in the following way:

#### Business Advice and Training

Responsive and practical advice, information and business skills training, will continue to be the core service delivery through:

- Business Skills Workshops
- Master classes and training programmes
- One to one advice and mentoring
- Business Information.
- Dedicated business website.

This will be enhanced by the following priorities for 2014/15:

- Specialist Recruitment Support  
Advice to businesses to help build capacity in sustainable recruitment and retention practices, especially those taking on people for the first time, will continue, and we will add value to the service by supporting businesses in workforce/skills planning for growth, and encouraging referral to Skills Development Scotland.
- Access to Finance  
A programme of master classes and one to one advice focusing on access to finance. The aim is to build confidence and capacity in businesses looking at alternative sources of finance in order to grow and improve.

We will also explore opportunities for a network of Highland Business Angels with

the aim of providing opportunities for investment into local businesses.

- Procurement

A programme of master classes and one to one advice, in procurement, will be delivered, with the aim of assisting local businesses to identify, be business ready and able to respond to contract opportunities and collaborative tendering, for both public and private sector contracts.

Supporting activity will include developing local supply chains by working 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.

- Leadership for Growth

A programme of coaching to inspire and "enable" business owners to unlock their potential for and implement action plans for growth, will follow on from the pilot initiative currently running.

- Sector Specific

We will continue to be responsive to sectoral needs and where affordable and appropriate will deliver and coordinate sector specific advice and training. For example for Food and Drink businesses, we will provide specific technical and marketing advice and will align with the activity of the Highland Council's local food and drink programme to support our local food producers to survive and grow.

- Loan and Grant Support

We will continue to offer business, youth enterprise and community loans and will raise the profile of the loan portfolio, including increasing awareness of the loan provision for social enterprises.

We will continue to offer the employment grant and a graduate grant to incentivise the creation of new jobs and support the growth of businesses.

## **Service Delivery - How will we deliver the service?**

The Highland Council, Highland Opportunity Ltd. (HOL) and Business Gateway all provide business related services. As Business Gateway, however, is the main advertised "gateway to business expertise" for private and social enterprise customers, there is a need to ensure that business clients are not confused as to who they should contact for support. For example, the Council will continue in promoting its Graduate Placement scheme, to direct business in the first instance to the Business Gateway service. Not only does this reinforce the gateway function of Business Gateway but critically also allows the Business Gateway team to alert the businesses involved to the other forms of support available. There is a need to ensure through marketing activity that this approach is consistently applied and that whenever possible, other services provided by partners adopt such an integrated approach.

HOL will manage and deliver an integrated marketing plan to raise awareness of the range of business support provided. This will include co-ordinating and ensuring that the national marketing activity is appropriate and correctly targeted across Highland.

The Business Gateway team will also work with appropriate private sector and public sector agencies, to help businesses find the right support quickly and easily. This will, as needed, require the team to coordinate support and act as the first point of contact for the business.

It is known that businesses are often overloaded with information which can be confusing and time consuming. With a team of more than 15 customer facing advisors in the Highland Opportunity team, the objective is to give our customers an integrated and streamlined service, based on their needs.

In prioritising the development of internal partnerships it is recognised that the Council's business facing services, such as Planning, Procurement, Licensing, or Trading Standards, are all integral support services for business start-up and growth. During 2014/15 a transformational change in the way the Business Gateway service works with partner Council services will take place with the aim of making it easier for our client to access the range of Council services they need to start and grow businesses. The priority for 2014/15 is to develop links with the Trading Standards team.

### **Service Values**

The Council's Organisational Values offer a useful framework to help shape and guide the business support services delivered by the Council, HOL and Business Gateway. The service response required is detailed below together a practical example of impact:

- Delivering  
Our service is all about delivering practical and relevant support, directly to the customer, within a framework of measurable clear objectives and targets but which allows us to be responsive and flexible throughout the operational year.

When working within national models, we insist on flexibility so we can be responsive to local needs and this year we will work to ensure effective local delivery of the Scottish Government's Supplier Development Programme and the Digital Engagement Programme.

- Partnering  
Highland Opportunity and the Council Economic Development team will work together to continue to develop external local and national partnerships such as the successful strategic partnership with UHI Create, that inspires and supports business start-up, and the partnership with Highlands and Islands Enterprise in the provision of Digital Support for businesses.
- Listening  
We will continue to encourage and act on customer feedback, through our Quality Assurance Programme, a local annual business survey, the Highland Economic Forum, intermediary and partner relationships and the team of local advisors, who hear first-hand what challenges businesses are facing.
- Open  
Everything we do is reported monthly, quarterly and annually and so is accountable at both national and local level.



We aim to make access to the service as accessible and as flexible as possible recognising the rural challenges and time challenges in running a business.

- Valuing

The service is only as good as the advisor team's experience, knowledge and practice. Highland Opportunity is committed to Investors in People standards and as a result the advisors are supported in their continuous professional development whether that is by sector or discipline. This means each advisor can focus on one specialism and share the good practice and knowledge with the rest of the team, for the benefit of businesses.

- Supporting

Whilst we always strive to help and "enable" our customers to start up, survive and thrive, we know that this year, we need to improve "aftercare", which means allocating resources to stay in contact with customers and provide follow up support, whether that is one off, or a planned programme of activity to support a business to grow.

The team in Education and Culture have advised us that school pupils are looking for more inspiration and support in starting a business and we have responded by offering to support a pilot programme of activity. This will start with CREATE UHI developing a Role Model Project which will see the recruitment of 10 young role models willing to be entrepreneurial ambassadors, and the creation of case studies and learning and teaching resources.

- Improving

We will seek to continuously improve the quality of the service we provide, whilst delivering efficiency savings.

The rural dispersal of our businesses challenges us to find ways of making the service accessible to all, so this year the aim will be to further deliver service on line and work with partners to improve reach.

This year we will evaluate the discrete projects of Create and Employ (recruitment advice and grant support), the Graduate Grant, the Access to Finance, Public Procurement and Digital Support Programmes, to inform future delivery.

We will seek to align more closely with the Carbon Clever objectives as it relates to raising awareness of and supporting businesses to contribute.

## **European Programmes 2014 -2020**

During 2014 the detail of the New European funding programmes and the opportunities which exist for businesses will become known. Allied to this, opportunities may arise for the Council and Highland Opportunity to directly service and deliver the funds and complement current provision of services. Work to realise these opportunities will be pursued during 2014.