

The Highland Council

Planning, Development and Infrastructure Committee

15th May 2014

Business Gateway

Report by Director of Development and Infrastructure

Agenda Item	15
Report No	PDI 12/14

Summary

This report updates Members on:

- Business Gateway Contract Performance for the year end 2013/14; and
- 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: 1st March 2013 – 31st March 2014

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 2013/14 operating year.

2.2 Start Up Activity

The target for start-ups for the operating year was 272 with 250 achieved. This is

the highest start up figure since the service was established in 2009.

The Survival Rate of start-up businesses which access Business Gateway support is monitored on a 3 year rolling basis and the latest results (January 2014) show an 86% survival rate after 12 months and 75% after 3 years. This compares to national rates of 66% and 69% respectively.

2.3 Growth Activity

Support to growth businesses is lower than target and reflects the ongoing challenge of moving businesses into the Highland and Islands Enterprise growth pipeline and then on to account management.

2.4 On a positive note, the team have helped 40 businesses, which may not fit the HIE growth criteria, to develop Growth Action Plans to grow turnover, develop new products, and new markets and, where appropriate, start to internationalise.

Two new growth programmes to inspire and support growth aspirations were introduced this year: **Get Set for Growth; Women in Business and Leadership and Growth**. Both programmes have assisted owner/managers to assess their growth options and plan strategies for growing their business. Business Gateway Advisors will work with clients to formalise their learning in to growth action plans.

"I have been able to distil what are the priorities in my business and to build my belief in my own abilities to take my company to where I want to be":

(Women In Business delegate)

2.5 Advice to Existing Businesses, serving local markets

Nearly 500 local 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.

2.6 Overall Performance

Whilst overall, the targets set for the Business Gateway contract have not been achieved, Members are asked to note that these numeric targets alone do not fully reflect the impacts of the full range of support provided, for example, number of new jobs created, number of contracts won, number of business seeking to internationalise.

While a framework is to be established to formally record the number of jobs created (and sustained) in 2013/14, across the suite of activity provided by Business Gateway, the Council and Highland Opportunity Ltd., the following jobs have been created/retained in 2013/14:

- 182 jobs created/sustained as result of a Highland Opportunity loan
- 27 Graduate Placements
- 250 self-employed in start-up businesses
- 138 jobs created with Employment Grant support

2.7 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 for the year.

Metric	Highland		Overall	
	%	Base	%	Base
Overall satisfaction <i>(very satisfied or satisfied)</i>	86%	143	87%	2,431
Service delivered met expectations <i>(met or exceeded expectations)</i>	87%	137	87%	2,398
Benefit the business will gain from service received <i>(gaining some benefit or significant benefit)</i>	81%	142	83%	2,442
Would recommend Business Gateway <i>(definitely or probably)</i>	85%	144	87%	2,447
Provided with a service by Business Gateway	90%	176	93%	3,102

3. **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 an important portfolio of business interventions and business support, managed and delivered through Highland Opportunity Ltd.

3.2 This added value activity includes:

Business Finance

Highland Opportunity Loans: Whilst the number of loans offered to businesses was lower, the value of loans awarded to businesses exceeded the target. This reflects Highland Opportunity’s new strategy to provide larger more meaningful interventions.

Business Grants

The Graduate Placement Programme has committed over £250,000 over the last

year to help 27 businesses take on a graduate to deliver a project of significant importance to the growth of the business. In addition, the Employment Grant has supported 107 businesses to take on 138 employees.

Enterprise Europe

This service includes advice and support to businesses to internationalise and support to businesses to compete for and win public sector contracts. Enterprise Europe is managing and delivering the Access to Finance and Public Sector Procurement Business Growth Programme.

Business Gateway Plus

Business Gateway Plus is a recent business growth programme which is funded outwith the Business Gateway contract with Council and ERDF monies. The programme seeks to build specific business skills and capacity and provides one to one specialist support in Access to Finance and Public Sector Procurement

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. 30 young people, exceeding the target of 25, have been supported to start up in business this year.

Enterprise Stimulation in Education

Highland Opportunity continued its partnership work with UHI Create and UHI Management School. UHI Create provides Highland-wide support and mentoring to students starting a business, and the UHI Management School run "lunch and learn" events for existing businesses.

Create and Employ

The Create and Employ project continues to provide free specialist recruitment 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.

469 businesses have accessed advice since the project started in February 2012.

The service continues to provide a "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

Since the partnership project started, the programme has provided 108 businesses with up to three days of one to one specialist help, and 257 delegates have attended training workshops.

Serviced Business Space

Average annual occupancy to date ranges from 100% at Ness Horizons to 25% in Wick. A review of the Highland Opportunity property portfolio, to assess the most efficient use of assets, is planned to take place in 2014/15.

4. Implications

4.1 Resource

The Business Gateway contract is fully funded from the 2014/15 Development and Infrastructure Service budget. Additional complementary activity is funded from ERDF and ESF matched with Council Economic Initiatives and Employability funds and Highland Opportunities loan finance.

4.2 Equalities; Climate Change/Carbon Clever; Risk and Gaelic implications

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

Recommendation

The Committee is recommended to:

- note the Business Gateway core service, its delivery and the wider business support provided; and
- note performance for the operational year 2013/14.

Designation: Director of Development and Infrastructure

Date: 25th April 2014

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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	2013/14	12/13
Number of volume start up clients who have begun trading	272	250	215

Growth Advisory Service	Target	2013/14	12/13
Number of growth companies assisted with growth action plans	50	40	8
Number of growth companies accepted into a growth pipeline relationship with HIE (seeking to grow turn over by £200k over next 3 yrs.)	20	8	9
Number of growth companies accepted into HIE account management	14	5	7

Local Business Advice and Training	Target	2013/14	12/13
Number of existing businesses accessing advisory services	650	498	548

Loan Activity	Target	2013/14	12/13
Highland Opportunity Loan Funds			
Number of loans	30	25	18
Value	£400,000	£524,000	£326,400
Princes Trust Youth Business Scotland			
Number of clients supported with loans or grants.	25	30	33
Number of jobs created and retained as a result of loan activity	150	182	153

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.