

The Highland Council
Planning, Development and Infrastructure Committee
11 May 2016

Agenda Item	10
Report No	PDI 27/16

Business Gateway

Report by Director of Development and Infrastructure

Summary

This report updates Members on performance with the Business Gateway contract for Quarter 4, Financial Year 2015/16.

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; and
- 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. This report will be the last one to detail the performance of the Business Gateway service delivered under contract by the Council's wholly owned Enterprise Trust, Highland Opportunity Ltd (HOL). The service will now be delivered by the Council directly. The Council will also continue to deliver the service on behalf of Moray Council, under a shared service agreement which is currently being modified to take account of the new delivery model.

2. Performance: 1st January 2016 to 31st March 2016

2.1 The Development and Infrastructure Service meet HOL 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 over the fourth quarter of the 2015/16 operating year.

2.2 Start-up Activity

The end of the fourth quarter has seen 74 businesses assisted, and a total of 252 supported to start up in business over the whole financial year, exactly on target. Start-up workshops are proving popular, and following a slow start 34 businesses attended the available workshops in March, with a total of 29 workshops being delivered in Quarter four. These include 10 two day start up

workshops, as well as nine record-keeping and eight marketing skills workshops. The total of attendees, 308 over the financial year is slightly down on the target set of 380.

2.3 Growth Activity

Business Gateway continues to work with businesses with growth aspirations and, over the course of 2015/16, a total of 51 businesses across a variety of sectors have been supported with the development of growth action plans, slightly ahead of the annual target projected. No businesses have moved into the growth pipeline throughout the year, an issue that we are discussing with HIE in light of changes that they have implemented in their Account Management process. A total of 2 businesses have been accepted into account management with HIE during the year.

2.4 ERDF/Local Growth Accelerator Programme

The ability of the Business Gateway service to fully service the needs of growing businesses in the Highlands has been hampered by the delay in finalising the ERDF supported Local Growth Accelerator Programme. Scottish Government has now approved the operational plan for the delivery of growth services and it is anticipated to have these additional services available for Highland businesses in the next few months following the conclusion of the procurement process. Limited operations have continued since April 2015 in relation to the Graduate Placement Programme and the delivery of HR Advice.

2.5 Advice to Existing Businesses, serving local markets

Business Gateway continues to offer assistance to businesses in general across the Highlands. A total of 526 businesses have accessed advice during 2015/16 which is slightly ahead of target. The service continues to examine ways in which it can bring its free services to the attention of businesses across the region. For example, in Badenoch and Strathspey an initiative offering general business advice surgeries in Aviemore, Kingussie, Grantown on Spey and Newtonmore has resulted in increased numbers of businesses accessing the service. It is planned to extend this initiative to other rural areas in the next financial year.

3. **Highland Council Business Support**

3.1 The Business Gateway service has been delivered by HOL on the Council's behalf since the service was transferred to local authorities in 2008. Due to the voluntary winding up of HOL the Council has, from April 2016, assumed the direct management and delivery of the Business Gateway Service, with the HOL staff concerned becoming Council employees.

3.2 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. The Business Gateway will continue to be offered and promoted as the "one door" into an important portfolio of business interventions and business support. The Council will also assume control of the business development services formerly delivered through HOL. This added value activity includes:

3.2.1 Business Finance

HOL Loans amounting to a total of £228,000 have been awarded this quarter bringing the cumulative total to £759,000. This is ahead of target for the financial year and is indicative of a strong demand for the supply of loan finance. The indications are also that the commercial lending sector is beginning to show signs of being more receptive to lending to SMEs. HOL has reported more of a willingness on the part of the commercial banking sector to engage with applications.

3.2.2 Enterprise Europe Network (EEN)

The Enterprise Europe Network has transferred to the direct management of the Council until the conclusion of its current contract in December 2016. It provides Highland businesses with a range of support aimed at encouraging them to consider internationalisation through the provision of a specialist advisory service. The service is delivered as part of a Scotland wide consortium comprising Scottish Enterprise and Highlands and Islands Enterprise.

The EEN team continues to work closely with local partners, such as Business Gateway, HIE and Inverness Chamber of Commerce to ensure Highland businesses are aware of the breadth of internationalisation support available to them.

4. **Implications**

4.1 Resource

The Business Gateway contract is fully funded from the Development and Infrastructure Service revenue budget. Additional activity is funded from the Service's economic initiatives and employability funds, Highland Opportunity Ltd. loan finance and European Regional Development and Social Funds.

4.2 Equality, Climate Change/Carbon Clever, Rural and Gaelic

There are no direct legal, equality, climate change/Carbon Clever, rural or Gaelic implications directly arising from this report.

4.3 Legal/Risk

When securing external funding the Council is required in effect to enter into contractual agreements with the Scottish Government to ensure the funds are correctly utilised and accounted for. If this is not done correctly the Council will be financially at risk of not being able to reclaim the funds involved and reputationally at risk of being perceived as unable to manage public funds correctly.

Recommendation

The Committee is recommended to note Business Gateway performance for the Operational Year 2015/16.

Designation: Director of Development and Infrastructure

Date: 22 April 2016

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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.

The key Performance Targets and performance for the year 2015/16 are outlined below:

Start Up Advisory Service	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Target 2015/16
Number of volume start up clients who have begun trading	65	63	50	74	252(Target) 252(Actual)

Growth Advisory Service	Qtr 1	Qtr 2	Qtr 3	Qtr 4	2015/16
Number of growth companies assisted with growth action plans	15	14	16	6	50 (Target) 51 (Actual)
Number of growth companies accepted into a growth pipeline relationship with HIE (seeking to grow turn over by £200k over next 3 yrs.)	0	0	0	0	2 (Target) 0(Actual)
Number of growth companies accepted into HIE account management	0	1	0	1	1(Target) 2(Actual)

Local Business Advice	Qtr 1	Qtr 2	Qtr 3	Qtr4	2015/16
Number of existing businesses accessing advisory services	130	117	106	173	500(Target) 526(Actual)

Loan Activity	Qtr 1	Qtr 2	Qtr 3	Qtr 4	2015/16
Highland Opportunity Loan Funds					
Number of loans	6	2	6	7	20(Target) 21(actual)
Value of Opportunity Loans awarded	£201k	£60k	£270k	£228k	£600k(Target) £759k(Actual)
Princes Trust – Enterprise Programme					
Number of clients supported with loans or grants.	1	1	2	1	30
Number of jobs created/retained as a result of loan activity	28.75	70	114.3	98.5	150 (No Target Set)

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.