

To: Economy and Jobs Policy Board

On: 1 February 2017

Report by: Director of Development and Housing Services

Heading: Business Gateway Delivery Update

1. Summary

- 1.1 Renfrewshire Council previously managed the delivery of the Business Gateway contract across the wider Renfrewshire area (incorporating East Renfrewshire and Inverclyde).
- 1.2 Following an options appraisal by the Economic Development Consultants EKOS Ltd on the most appropriate model for the future delivery of the local BG services in Renfrewshire, the Economy and Jobs Policy Board agreed on 31st August 2016 to bring the delivery of the Business Gateway (BG) service in-house from 1 October 2016.
- 1.3 This report provides more detail about the in-house delivery arrangement in Renfrewshire and the opportunity to make better use of the resources available to deliver a more integrated service to companies and with increased outputs and targets through attracting ERDF funding to the revised service.

2. Recommendations

It is recommended that the Board:

- 2.1 Note the content of this report;
- 2.2 Homologate the action of the Director of Development and Housing Services to apply for additional ERDF finance to augment the Business Gateway services in Renfrewshire through an additional grant of £130,167 ERDF over 2 years.

- 2.3 Bring back further reports to Board on the performance of Renfrewshire's ongoing Business Gateway Service.
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3. Background

- 3.1 The Business Gateway (BG) service provides information and support to individuals setting up a new business or growing an existing business. BG is a national brand and is delivered at a local level across Scotland alongside a range of council services which also support business start up and growth.
- 3.2 The Economy and Jobs Policy Board agreed on 31st August 2016 to bring the delivery of the BG service in-house from 1 October 2016. This new integrated service delivery model aims to achieve measurable benefits and improve customer service.
- 3.3 The BG service successfully transferred to in-house Council delivery on 1 October 2016. This transition included formal notification of the termination of the contract to the contractor, the transfer of 1 Business Growth Adviser and 1 Business Information Assistant (TUPE) to Renfrewshire Council and 1 Business Information Assistant (TUPE) to East Renfrewshire and Inverclyde Councils.
- 3.4 Renfrewshire Council secured 55% of the BG budget (a total of £332k per annum) and this provided an opportunity to develop a new service to businesses which integrates with the existing support available through Invest in Renfrewshire.
- 3.5 The in-house delivery model has also provided an opportunity to apply for additional ERDF funding to augment the Business Growth service in Renfrewshire. A two year programme of support at total costs of £325,421 has been submitted for ERDF support of £130,167 with Renfrewshire Council providing the match funding of £195,254 from the Business Gateway budget. The additional finance will allow for an increased staffing and service level to growth companies as outlined in the sections below.
- 3.6 2 distinct teams have been developed to follow the national specification for Business Gateway:
1. Business start up, self employment and enterprise services (operating from InCube)
 2. Business growth and development services (operating from Renfrewshire House)
- 3.7 The report outlines the roles of each team.
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4. Business Start-Up, Self Employment and Enterprise Service

- 4.1 The BG start-up, self employment and enterprise service will be located at InCube, the Council business incubator based on Paisley High St. This will have the benefit of having on site provision of pre start and start up advice and support to InCube clients. This facility is already home to fledgling businesses. In addition office space is given to the Princes Trust who provide funding support to business start up clients aged under 30.
- 4.2 Any new business, or any business not already engaged with the public sector, is directed to the BG programme as a first point of contact. BG advisers then assess the enquiry and if it is a start-up client they are provided with advisory support to assist them in successfully starting up their business.
- 4.3 In recent years the BG service in Renfrewshire has operated with one start-up adviser (via the previous contractor). However as a consequence of the service being delivered in-house and to improve the level of service to clients the business start-up team will be increased in size from one to two advisers.
- 4.4 This additional advisor post will focus on the potential high value clients, i.e. those with highest growth potential, new businesses which aspire to trade above £70,000 or employ staff within 12 months – 18 months.
- 4.5 Strengthening this service will enable a greater degree of assessment of the needs and potential of new start businesses, thus identifying those with high growth potential who will be offered a more in-depth level of support to assist them fulfil their growth aspirations. It is anticipated that support will be offered to these businesses both in start up phase and during the first year of trading.
- 4.6 The Start-Up Service will continue to provide workshops and events on issues that are essential to local businesses. This will be delivered contracts covering BG core workshops and Expert Help covering business strategy, investor readiness, marketing and brand development, HR, procurement and innovation support
- 4.7 InCube will now be recognised as the Renfrewshire hub for all business start-up activities.
- 4.8 The start up targets from October 2016 until March 2018 are as follows and will be reported on at regular intervals:

BUSINESS GATEWAY Oct 16 - March 18	
Output	
	Targets
Start Up Service	
Start Ups	437
Workshops	48
Expert Help - Start Ups	126

5. Business Growth Services

- 5.1 The transfer of the BG services to in-house provision by Renfrewshire Council has provided an opportunity to build an integrated Business Growth team which is based at Renfrewshire House.
- 5.2 This Growth team will work closely with colleagues throughout the Council to ensure better integration with other business facing teams within the Council including, Trading Standards, Environmental Health, Licensing, Planning, Non Domestic Rates, Estates, Waste Management and Regulatory Services.
- 5.3 The Business Growth team will provide business growth services to assist local companies to identify and unlock any barriers to their growth potential thus ensuring that they are in a position to play a full part in increasing the level of local economic activity. The integration of the services as described above has enabled us to improve the level of service by increasing the size of the BG Growth team from 1.3 fte staff (with the previous contractor) to 2 full time roles (1 TUPE post and 1 new post). These staff will work alongside the 2 existing Invest in Renfrewshire Business Growth Advisors to provide an integrated service to local businesses.
- 5.4 The Growth team will identify businesses which have had no recent relationship with BG and will arrange to contact these businesses to re-establish communication. Following a detailed business appraisal the Growth team will utilise the BG segmentation model to highlight the menu of support which can be made available to client companies. The differing levels of support are as follows:
 - Growth Advisory Service (for those companies projecting turnover growth of £200-400K)
 - Growth Pipeline (for those companies projecting turnover growth of £400K-800K) and;
 - Account Managed companies (for those who have reached growth of £400-800K) identified with further growth potential and can potentially transfer to Account Management within Scottish Enterprise.
- 5.5 The business growth advisers will each have the responsibility to support a portfolio of businesses in order to identify and assist to develop their growth projects and to deliver tailored support to maximise the opportunity for the successful implementation which should result in the creation of new employment opportunities.
- 5.6 It is intended to submit regular progress reports to the Economy and Jobs Policy Board which will also feature specific examples of the kind of businesses who interact with BG and the impact of the support on their business growth.
- 5.7 The growth targets from October 2016 until March 2018 are as follows, and will be reported to board on a regular basis:

BUSINESS GATEWAY Oct 16 - March 18	
Output	
	Targets
Growth Advisory Service (GAS)	
Accepted into GAS	110
Acc'pt into Growth Pipeline	42
Accepted into SE Acc Mngt	7
Expert Help - Existing Bus (no days)	53
Growth Workshops	50

6. Business Gateway Budget

- 6.1 The Business Gateway budget transferred to Renfrewshire Council was £332k per annum for the delivery and management of Business Gateway Services across Business Start up and Business Growth. This annual budget will be augmented over the next 2 years by up to £65k pa through ERDF. ERDF cannot match all activity and is restricted to additional growth services. The annual budget is therefore a maximum of £397k if a full ERDF grant is claimed.
- 6.2 The management and property overheads for the BG services is estimated at £40,000 which will be retained by Renfrewshire Council as contribution to the costs of the BG base at InCube and the costs of managing the project.
- 6.3 The costs of directly delivering the services above (staff costs and contracts for the delivery of workshops and expert help services) is approximately £340k per annum (depending on the final spend on contracts which are currently out to tender).
- 6.4 The service has a maximum budget of £397k per annum (Business Gateway plus ERDF finance) which, after delivery costs of £340k and management costs of £40k, leaves a contingency amount of a maximum of £17k for additional activities or to compensate for a reduction in ERDF income due to lack of spend or should contracts be lower than anticipated.

Implications of the Report

1. **Financial** – The Business Gateway budget comes directly to Renfrewshire Council as part of the block grant and is secure. The ERDF application is matched from this budget and will provide an additional £130k over 2 years if successful.
2. **HR & Organisational Development** – To support the delivery of Business Gateway 3 additional staff will be recruited from within the existing budget allocations.

3. **Community Planning –**

Jobs and the Economy – Local businesses are supported to set up, grow and develop.

4. **Legal** – none

5. **Property/Assets** – None

6. **Information Technology** – None.

7. **Equality & Human Rights**

The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** - None

9. **Procurement** - some elements of the ongoing delivery are likely to be procured in the future for areas of specialist support.

10. **Risk** – While it is anticipated that the outcomes and results will be on par with the contracted service there is likely to be a period of up to 3 months where the new services are bedding in and delivery is slower. This also happens when contracts change and new providers get up to speed. Targets can be caught up in the year that follows.

11. **Privacy Impact** - None

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