

Business Gateway in Midlothian: Progress Report**Report by Mary Smith, Director Education, Communities and Economy****1 Purpose of Report**

To provide information to Cabinet on the performance of the Business Gateway [BG] contract for the period October 2012 to September 2013.

2 Background

- 2.1** In February 2012 Cabinet considered and approved a paper that recommended that the contract for the delivery of Business Gateway [BG] in Midlothian for the period 2012-2015 should be brought “in house”, to be run directly by the Council from 1st October 2012.
- 2.2** Within the report was a recommendation that “regular progress reports on the operation of the Business Gateway be submitted to Cabinet”.
- 2.3** BG offers information, advice and guidance across the whole of Scotland to people thinking about starting up in business or growing their existing business.
- 2.4** The BG delivery model is an important component of the Scottish Government objective of growing the economy and is a joint objective of Local Government reflected in Community Planning Partnerships and Single Outcome Agreements. The model was designed to help raise rates of new business formation in Scotland and to encourage growth within existing businesses. It also enables Local Authorities to identify emerging businesses with growth potential for referral to Scottish Enterprise and other business support agencies for further specialist support.
- 2.5** Within Midlothian, BG delivers:
- Start up advice to would be business owners
 - Support for High Growth businesses including facilitating their acceptance into Scottish Enterprise programmes such as “Growth Pipeline” and “Account management” which unlocks further support and assistance.
 - Advice under the New Enterprise Allowance [NEA] scheme to would be business owners who are currently in receipt of benefits
 - Human Resources support to any existing or new start business [previously delivered by *new leaf* supported by European Funding]

Midlothian is part of a region-wide application for European Regional Development Funding called Business Gateway Plus which will deliver

additional services to local businesses. In Midlothian, this will provide additional funding to deliver one-to-one business advice, mentoring and monitoring, specialised consultancy, workshops and training, and grants towards the costs associated with training of staff or achievement of Green Ticks accreditation. This support will link in well with Midlothian Youth Job Contract which aims to get 100 young people into employment and training.

BG Midlothian is aiming to be a “one stop shop” for business support in line with the long standing policy of Scottish Government and many private sector partner organisations.

3 Report Implications

3.1 Resource

In terms of Human Resource implications, the BG contract is delivered in-house by staff in the Economic Development Section in close liaison with colleagues in related services as well as BG staff in the other Edinburgh and Lothians Councils.

With regard to Financial Resource implications the funds for the operation of the BG contract are fully funded by the Scottish Government via the City of Edinburgh Council as lead authority for the management of the BG contract in Edinburgh and the Lothians.

3.2 Risk

Failure to successfully deliver the BG contract will most certainly put the Council out of step with the other partner councils and lead to confusion/ uncertainty among the business community as to how the BG service will be delivered in Midlothian. It would also directly adversely affect the rate of new business start up and the growth of existing businesses.

Such failure would have the added risk of an adverse impact on partner Councils in Edinburgh and the Lothians together with the local business sector, particularly during extremely challenging economic times. It would also seriously damage the credibility of any other economic development activities undertaken by the Council.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

The delivery of the BG contract has already started to develop positive benefits by linking with other aspects of the work of the Economic

Development Service especially the support offered to employers by the Business Advisor [Human Resources].

Delivery of the BG contract closely aligns with priorities set out in the Single Midlothian Plan i.e. economic recovery and business support.

The BG team is generating very positive feedback from those accessing the service for the support given. This is both with regard to one to one advice and the one-to-many training courses offered.

The use of outreach facilities in Mayfield, Penicuik and Roslin to augment the use of Fairfield House is proving very popular with the businesses that the Council is seeking to support since they are often “time starved” and prefer to have the shortest time away from their businesses. It also improves the perception of the Council as an organisation that brings its services to the clients rather than just delivering from the centre and represents a move to a new, more effective, model of service delivery.

3.5 Adopting a Preventative Approach

The start up element of BG acts to increase self employment and, in a number of cases, employment [if a new business recruits staff immediately]. The New Enterprise Allowance element in particular has an immediate effect of reducing claimant numbers since those eligible to be on the programme are in receipt of Jobseekers allowance. Both of these effects improve the economy of Midlothian and the incomes of those who are working as a result. These act to reduce the demands associated with lack of work placed upon Midlothian services and thus aligns with aspects of the Single Midlothian Plan.

There is robust evidence that poverty and or worklessness in the family home have significant negative impacts upon the ability of children to achieve their full potential either in terms of educational achievement or economic activity. BG thus helps not only improve short term outcomes, it acts to prevent and/or minimise these potentially longer term issues.

3.6 Involving Communities and Other Stakeholders

The introduction of NEA has led to much closer working with Job Centre Plus [JC+]. This partnership is proving extremely effective, with referrals from both Dalkeith & Penicuik increasing in both quantity and quality. NEA staff are currently on track to exceed the annual expectation of JC+ within the first 6 months of the period.

Since the contract started regular meetings have been held with the Federation of Small Businesses and Midlothian and East Lothian Chamber of Commerce to obtain feedback as to the experience of their members who have used the service and to discuss ways of further developing and expanding the types of support offered.

Part of the work undertaken by BG with High Growth Firms involves supporting them so that they are successfully referred onto programmes of Scottish Enterprise.

There are regular meetings and communication between Midlothian BG staff and BG staff in partner local authorities. This facilitates sharing of ideas and adoption of best practice.

3.7 Ensuring Equalities

This report falls within the scope of the EQIA carried out for the report submitted to Cabinet in February 2012. This report provides an update on implementation of the Business Gateway contract and as such, there was no need for any equalities assessment.

3.8 Supporting Sustainable Development

This report provides an update on implementation of the Business Gateway contract and as such does not identify any sustainability issues new to those identified in previous reports.

3.9 IT Issues

Within Fairfield House access to Wifi for clients who visit BG advisors has become an issue. The clients are almost always required to produce a business plan and they often expect to be able to arrive with their own device and access a plan stored "in the cloud". This is currently not possible and efforts are being made in liaison with IT colleagues to find a solution that allows clients to access their material whilst not compromising the security of Council systems.

4 Summary

Figures for progress to date against each element of the BG contract are attached as an Appendix. It should be noted that in the lead up to the Council taking over delivery of the BG contract in Midlothian, the previous contractor (Midlothian & East Lothian Chamber of Commerce) had a declining level of human and financial resources devoted to the delivery of the contract. This reflected, in part, their exit from delivery of the BG contract in late September 2012.

Two BG advisors were recruited by the Council and commenced employment in October 2012. However, the staff were essentially working from a standing start and had to build up their business caseloads to meet BG contract targets whilst assisting with a number of

logistical issues to ensure effective delivery of the contract in Midlothian. One such issue related to the need to change the method of BG contract delivery by holding BG surgeries at key locations in Midlothian. This showed a responsive change by the Council in terms of meeting business needs and is a marked shift away from how the contract was delivered pre October 2012.

Feedback from the business community and key Midlothian Community Planning Partnership partners, such as the Federation of Small Businesses, has shown approval of this contract delivery change. However, it should be noted that in adopting such a fundamental contract delivery change there was an inherent time lag in promoting this message to the business sector which is inevitably reflected in some of the BG target results to date.

However, in terms of delivery of the BG targets highlighted in the appendix, the Council is on schedule to achieve most of the identified targets.

It should be noted that in the target areas, such as Local Advisory Service, where it appears that there is under performance, more up to date figures have still to be added to the April to September 2013 total. This will boost the target figure. It is also worth noting that, from past experience, the busiest time of year in terms of business enquiries is from January to March. Again, if this trend continues, this will further boost the figures achieved.

If there is evidence of potential underperformance in one or more target areas, this could potentially be addressed by switching staff resources from an over performing area.

In addition, feedback from Edinburgh and Lothian BG Board meetings indicates that Midlothian is performing at or above the level of partner Local Authorities involved in the BG.

5 Recommendations

It is recommended that Cabinet:

- i). Notes the contents of this report;
- ii). Notes the additional support available to businesses through Business Gateway Plus; and
- iii). Requires that further progress reports be submitted to Cabinet at appropriate intervals.

Date 29 October 2013

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Background Papers: Please see Appendix 1

Declaration Box

Title of Report: Business Gateway in Midlothian: Progress Report

Meeting Presented to: Cabinet 19 November 2013

Author of Report: John Anzani

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- ☒ *All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Human Resources.*
- ☒ *All risk implications have been addressed.*
- ☒ *All other report implications have been addressed.*
- ☒ *My Director has endorsed the report for submission to the Council Secretariat.*

The report has no education interest.

Appendix 1

	2013/4 Annual Target	% target achieved	Total 1 April to 30 September
Start-up customers who have begun trading	200	50%	101
Number of higher value start-up customers with agreed actions identified on their Action Plan for Growth	34	15%	5
Number of higher value start-up customers with completed Action Plans for Growth	10	50%	5
Number of growth customers with agreed actions identified on their Action Plan for Growth	20	40%	8
Number of growth customers accepted into growth pipeline relationship by Scottish Enterprise	10	30%	3
Number of growth customers accepted into account management relationship by Scottish Enterprise	2	100%	2
Number of customers accessing local advisory services	94	21%	20
Number of start-up workshops/seminars held	12	83%	10
Number of growing business workshops/seminars held	12	66%	8
Number of workshops/seminars held	10	30%	3