



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 20 JUNE 2017**

SUBJECT: BUSINESS GATEWAY

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING & INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 To inform the Committee of the budget for and the operational activities of the Business Gateway Service.
- 1.2 This report is submitted to Committee in terms of Section III (A) (2) of the Council's Scheme of Administration: To regulate and manage the finances of the Council in accordance with the policies determined by the Council and to prepare and review from time to time such rules as may be necessary for the proper administration of the Council's financial affairs.

2. RECOMMENDATION

- 2.1 **It is recommended that the Committee scrutinise the report and note that the Business Gateway budget has been vired from the Economic Development programmes and projects budget to the service operational budget.**

3. BACKGROUND

- 3.1 In 2009 the Business Gateway (BG) support service for small and medium sized enterprises was transferred with budget from the Scottish Government (Scottish Enterprise and Highlands and Islands Enterprise) respectively to local authorities. The Moray Council entered a Service Level Agreement (SLA) with the Highland Council to provide a shared service for the Highlands and Moray, delivered through Highland Opportunity Ltd (HOL) an arm's length organisation of the Highlands Council.
- 3.2 In 2016 as part of its budget setting process, Highland Council decided to close HOL and take the BG service in-house, which has also meant bringing the staff that deliver the service in-house. As part of this process Moray Council received transfer of three staff and retained the SLA for oversight of

the shared parts of the service. As a result a management overhead savings of £18,000 was made. The operational budget is now therefore reduced from £245,000 to £227,000 per annum. **Appendix 1** sets out the projected expenditure for 2017/18.

- 3.3 The Business Gateway budget has been a part of the Economic Development Programme and Projects budget since 2007. It is however, an established service that local authorities are expected to deliver and as such the budget has been vired to the Economic Development service account which would mean that detailed spend would no longer be reported to committee as a matter of course. Given the fixed nature of the spending pattern and the remaining need to report any significant changes to committee, this shift is viewed by officers as reasonable.
- 3.4 £3,000 has been vired from the economic development projects and programmes budget into the Business Gateway service operational budget to make a contribution to the Opportunity North East (ONE) food drink and agriculture programme to support its annual awards and networking for business in this key sector. The food and drink awards are used to introduce small and medium sized enterprise (SMEs) with growth potential to buyers and business support opportunities. Subject to management of the budget available there is scope to work further in partnership with ONE to support the growth of business in this and in the life science, oil and gas and visitor sectors through its business support programmes.
- 3.5 The budget also includes support for the annual chamber of commerce business awards which includes the Business Gateway award to recognise and promote the success of the most promising enterprise and part payment for the main business award from the Council which promotes a business that has made a significant contribution to the local economy. These events include attendance by lead officers for engagement and business support purposes. Business Gateway instigated Moray Business week in 2015 which pulls together all Moray business support agencies to offer a wide range of seminars, engagement and supply chain opportunities which has been highly successful and improves each year.
- 3.6 At the end of each quarter a report of Business Gateway activities against nationally set activities and locally agreed targets is published on the [Business Gateway page](#) of the Council's website. In 2016-17 Business Gateway activity highlights included:
- 132 new enterprises started as a direct result of BG Moray interventions
 - 236 jobs were created or retained by SMEs supported by BG to start up, grow or as a result of purchase
 - 30 start-up skills workshops were delivered to 260 businesses
 - 30 workshops for growing businesses were delivered with 303 unique businesses attending
 - 18 of which were Digital Boost workshops delivered in partnership with HIE with 200 businesses benefiting
 - 64 businesses were supported with access to finance/Investor ready advice. Direct BG interventions resulted in these companies securing

£2.28m of leveraged funding from various lenders + 30% matched funds of £700K. This totalled £2.98m of finance levered into the Moray economy by SME's

Start-up survival rates –

This means the rate in years in which business started in a prior year are still in business at a later date.

Source BG National - (Moray / National Comparison)

	Moray	National	Moray	National
Start up survival Rates April 2016 – March 2017	12 Months	12 Months	36 Months	36 Months
	87%	81%	84%	68%

Local Growth Accelerator Programme (LGAP)*

- 3.7 Business Gateway Moray launched a Local Growth Accelerator Programme on 6 February 2017 which will run until end of 2018 and includes the following support to growing business in Moray:
- Specialist business growth advice
 - Investor Ready & Access to Finance support
 - Recruitment Advisory Service
 - Graduate Placement Programme
 - Business Growth workshops
 - Key Sector Entrepreneurial Support

Supplier Development Strategy

- 3.8 A Supplier Development Strategy is in place to ensure a programme is developed so businesses in Moray are better able to access public sector contracts and supply chain opportunities as well as training on Public Contracts Scotland (PCS) and PCS Tender – a Pilot programme is underway by BG Moray in conjunction with PCS and approved by the Scottish Government.

Business Loans Scotland*

- 3.9 Business Loans Scotland – Launched in March 2017 giving SME's the opportunity to access loans between £25K and £100K to help them grow their businesses – the loan fund totals £230K and 5 applications are already in the pipeline as at 1 April 2017 totalling £200K. The BLS fund in Moray is administered by Business Gateway. * Both of these have been facilitated with funds from the EU Strategic Intervention for Business Competitiveness and unless extended will cease at the end of 2018

4. **SUMMARY OF IMPLICATIONS**

(a) Moray 2026: A Plan for the Future and Moray Corporate Plan 2015 - 2017

Moray 2026 “The Ten Year Plan” identifies Sustainable Economic Development as its top priority. The Plan includes, but is not limited to, outcomes to increase the population, regional average wage, employment by the private sector, employability, the number of business start-ups, the number of start-up businesses that survive beyond three years and the percentage of premises that have access to Next Generation Broadband. Sustainable Economic Development is also the Council’s top priority in terms of the Corporate Plan and this report relates to ongoing activity and actions identified in the Corporate Plan.

(b) Policy and Legal

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan. The Council is currently working with partners to develop a Moray Growth Bid and interventions providing business support will likely be included in the bid long list.

(c) Financial implications

£227,000 has been vired from the Economic Development (programme and projects) Budget to the operational budget, on an on-going basis, and will be subject to the annual budget setting process.

(d) Risk Implications

There are over 3,000 SMEs in Moray many of which are classed as micro- enterprises of less than 10 employees. They are the life blood of the local economy from where growth must come. Business Gateway played a key role in supporting new business start-up following the closure of RAF Kinloss and is a key asset to help address economic shocks, such as business closure or changes in the local and national economy.

(e) Staffing Implications

The Business Gateway Moray staff are part of the economic development (business support and external funding team). The service level agreement (SLA) with the Highland Council is overseen by the Planning & Economic Development Manager. The current SLA runs until the end of this financial year. A report on options available at the end of the SLA will be made to the committee later this year in time for the budget setting process for 2018-19.

(f) Property

There are no property implications.

(g) Equalities

There are no equalities impacts arising from this report.

(h) Consultations

Consultation has been undertaken with the Corporate Director (Economic Development, Planning & Infrastructure), the Head of Development Services, the Equal Opportunities Officer regarding any Equalities implications, the Legal Services Manager (Property and Contracts), the Democratic Services Manager and Lorraine Paisey (Principal Accountant Financial Services). Any comments have been incorporated in this report and they are in agreement with sections relating to their area of responsibility.

5. CONCLUSION

5.1 The report informs the Committee about the Business Gateway Service and that the budget has been vired from the economic development programmes and projects budget to the economic development operational budget.

Author of Report: Gordon Sutherland, Planning & Economic Development Manager, Moray Council

Background Papers: None