

FALKIRK COUNCIL

Subject: BUSINESS SUPPORT – UPDATE
Meeting: ECONOMIC STRATEGY AND DEVELOPMENT
Date: 18TH SEPTEMBER 2012
Author: DIRECTOR OF DEVELOPMENT SERVICES

1.0 INTRODUCTION

- 1.1 At the meeting of Falkirk Council on 20th June 2012, members agreed to proceed with new arrangements for the delivery of business support services (including Business Gateway) and agreed that a report on the implementation of these arrangements be prepared for Economic Strategy and Development Committee.
- 1.2 This report advises Committee on preparations made to date for implementing the new business support service on 1st October 2012.

2.0 BACKGROUND

- 2.1 Business Gateway is funded by Scottish Government and managed by 12 lead local authorities in lowland Scotland, with support from a National Business Gateway Unit in CoSLA.
- 2.2 On 6th March 2012, Committee considered a report, *Business Gateway – Future Delivery*. As the lead authority in Forth Valley, Falkirk Council is required to renew arrangements for delivering the Business Gateway service when the current external contract ends on 30th September 2012.
- 2.3 The Committee agreed to examine two options – (a) procuring an external contract for all Forth Valley and (b) in-house delivery in Falkirk plus an external contract for Stirling and Clackmannanshire areas. The report noted that the in-house option would enable the Council to integrate the delivery of Business Gateway and other business support services within one organisation.
- 2.4 Committee further agreed that consultations be held on the options and that a report and recommendations be made to a decision-making committee after the local government elections in May.
- 2.5 These consultations were carried out as part of a Business Support Review. The findings were reported to Falkirk Council on 20th June 2012. The report included a draft operating plan for a new Growth and Investment Unit to deliver an integrated in-house service and noted that it had a potential for efficiencies totalling £140,000 which could be used to deliver additional business support services.
- 2.6 Council agreed to proceed with in-house delivery of business support services and to implement the draft operating plan, which is appended to this report (Appendix 1).

- 2.7 Council also noted that, following a tendering exercise, no compliant bids had been received for a Business Gateway service in Stirling and Clackmannanshire areas and authorised the Director of Development Services to commence a negotiated procedure with the tenderers and conclude under delegated authority a new contract commencing on 1st October 2012 for delivery in these areas only.
- 2.8 In summary, the new business support arrangements agreed by Council comprise the following.
- The creation within Development Services of a Growth and Investment Unit to deliver the business support service.
 - An agreed operating plan for the Growth and Investment Unit.
 - In-house delivery of Business Gateway services in the Falkirk area
 - In-house delivery of other business support services previously delivered under a Joint Working Agreement.
 - The procurement and management of an external contract to deliver Business Gateway services in Stirling and Clackmannanshire Council areas.

3.0 IMPLEMENTATION

- 3.1 The Growth and Investment Unit is being developed to bring together (i) the functions of the former Strategic Projects Unit, (ii) Business Gateway management in the Forth Valley area, (iii) Business Gateway delivery in the Falkirk area and (iv) other Council-funded services delivered to date by Falkirk for Business. The principal functions of the new unit are shown in the following table.

ECONOMIC INITIATIVES	BUSINESS GROWTH	INVESTMENT
<ul style="list-style-type: none"> • Lead on Economic Strategy • Marketing • Tourism • Business Gateway contract management • Business Panel / Engagement and liaison with other Council services • Key sector development 	<ul style="list-style-type: none"> • Business Gateway delivery in Falkirk • Other locally funded business support • Loans and Grants • European Business Support Programme • Liaison with Scottish Enterprise account management 	<ul style="list-style-type: none"> • Regeneration and Placemaking (including Town Centres) • Town Centre property portfolio management • Town Centre / BID management • Tax Increment Finance Initiative and business investment

- 3.2 Much progress has been made in bringing together the new unit and work is ongoing to enable service delivery to commence from 1st October. The main activities being undertaken to implement the new arrangements are summarised below.

- 3.2.1 **Premises** - The Growth and Investment Unit has been established in Suite 2A on the second floor of the Falkirk Community Stadium. Falkirk Council staff have already moved in and staff transferring from Falkirk for Business will join them on 1st October 2012. The Helix staff who previously occupied this office have moved to Falkirk Community Trust's headquarters on the first floor of the Stadium.
- 3.2.2 As part of its lease agreement with Falkirk Community Stadium Ltd, the Council has arranged for the regular use of conference and meeting rooms in the Stadium for business support events and workshops.
- 3.2.3 **Staff** - The process of transferring staff from Falkirk for Business is underway. 7 employees are eligible to transfer to the Council under TUPE - *Transfer of Undertakings (Protection of Employment) Regulations*. The eligibility to transfer results from a service provision change – i.e. bringing in-house the services which these employees currently deliver. The Council has written to each eligible employee and has met with them individually to explain the transfer process in more detail. The staffing situation will be re-assessed after the 1st October transfer date and a recruitment process will be undertaken for vacant posts. It is anticipated that the full complement of staff will be in place by early 2013.
- 3.2.4 **Business Gateway** – The Council has made preparations to supplement, on an interim basis, the personnel / skills transferring under TUPE so that the full service can be delivered from 1st October. This will be done by using short- term contractors as necessary to cover parts of the service which currently rely on contractors and to fill any gaps if business advisors choose not to transfer to the Council.
- 3.2.5 **Other Business Support** – The Falkirk Business Panel, the BP Business Loan Fund, the East of Scotland Investment Fund and a range of discretionary business support services are all coming under Council management. BP has agreed to the Council holding and managing the BP Business Loan Fund from 1st October and transfer arrangements are underway.
- 3.2.6 **Communications** - The Council issued a press release in early September on how the new service is being developed and delivered. The Council has also issued a Falkirk Business Panel e-zine to keep the business community fully informed. The Council's commitment to the Falkirk Business Panel has been affirmed in the e-zine which announced that preparations are underway for a Conference in November this year and for the 2013 Business Exhibition.

- 3.2.7 ***Business Grants Scheme*** - The efficiencies generated by the new delivery model have enabled the Council to introduce a grants scheme as the first of a number of enhancements to its business support service. The grants scheme is intended to help new and small businesses to invest in equipment, machinery, systems, capability and premises in order to enhance their viability and their growth and employment prospects.
- 3.2.8 The grants scheme will part-fund small business investments which may be difficult to undertake otherwise in the current economic conditions. The scheme will be an incentive and a confidence-booster to help small business owners bring forward viable investment plans which can help them establish or grow their businesses. The Business Grants Scheme will commence on 1st October with a budget of £25,000 for the six months to March 2013. With grants ranging from £500 to £3,000 per business, the budget should allow at least 15 business projects to be supported in the remainder of the financial year. The scheme will encourage businesses to access other sources of assistance available, including the Council's business properties and the Employment and Training Unit.
- 3.3 Progress has also been made on implementing arrangements for the Business Gateway service in Stirling and Clackmannanshire areas. As authorised by Council, a negotiated procedure was undertaken with the original tenderers. New compliant bids were received and, following their evaluation by a panel of officers from Falkirk, Stirling and Clackmannanshire Councils, a contract has been awarded to Stirling Enterprise Park Ltd as lead organisation of the STEP and Ceteris Consortium.
- 3.4 The contract will run from 1st October 2012 for an initial period of 3 years with an option to extend for a further 2 years. The contract will continue to be managed by Falkirk Council with support from a management group comprising officers of all 3 councils.
- 3.5 A report on the award of this contract under delegated powers was made to Policy and Resources Committee on 7th August 2012.

4.0 CONCLUSION

- 4.1 Significant progress has been made in preparing for the new business support service and arrangements are continuing to be made for launching the service on 1st October 2012.
- 4.2 Though the service will be delivered by the Council rather than an external provider, the actual methods of support available to businesses will largely remain the same and it is the intention that businesses will find the change as seamless as possible.

- 4.3 While no major changes are planned in the existing range of services available to businesses, the Council has been able to introduce an additional Business Grants Scheme and expects over the coming months to develop and introduce further business support capacity to address key sectors and emerging opportunities.
- 4.4 Furthermore, as the Growth and Investment Unit becomes established, it will be increasingly able to pursue opportunities to work with the Council's many other business-facing services and help integrate and strengthen the Council's overall focus on business.
- 4.5 It is proposed that a further report on the Business Support service be made to Committee so that Members can review performance in the period October to December and receive proposals for continuing and developing the service in 2013/14.

5.0 RECOMMENDATIONS

- 5.1 It is recommended that Committee notes the terms of this report and agrees to receive a further report on:**

- (a) the operation of the Business Support service, and**
- (b) proposals for future development of the service.**

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Director of Development Services

4th September, 2012

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LIST OF BACKGROUND PAPERS