

FALKIRK COUNCIL

Subject: BENEFITS OF BRINGING BUSINESS GATEWAY IN HOUSE
Meeting: SCRUTINY COMMITTEE
Date: 31 OCTOBER 2014
Author: DIRECTOR OF DEVELOPMENT SERVICES

1.0 INTRODUCTION

- 1.1 The purpose of this report is to update Members on the benefits achieved by bringing the Business Gateway service in house for delivery by the Council. This report was requested by the Scrutiny Committee at its meeting of 14 August 2014.
- 1.2 On 20 June 2012, following a review, Falkirk Council agreed to bring business support services, including the delivery of Business Gateway (BG) in-house with effect from 1 October 2012. This was with the aim of linking the service with other Council-funded business support activities. A new Growth and Investment Unit was established and since October 2012 business support activities have been delivered from this Unit at Falkirk Stadium.
- 1.3 An update of the Council's business support activity since October 2012 was presented to the Executive on 14 January 2014. It advised members of the results of services in 2012/13, external EU funding of £293,000 secured to support further business support activities, and the development of additional support through efficiencies achieved in the operation of the new service.

2.0 ACTIVITIES AND OUTPUTS

- 2.1 In the operational year April 2013 – March 2014 the following business support activities and outputs were delivered in the Falkirk area. The table shows direct comparisons for activity previously delivered externally to the Council.

Activity	External (11/12)	Falkirk Council (13/14)	Falkirk Council Target 13/14
Volume Start ups (T/O < £50K)	345	377	376
Growth Pipeline companies (T/O > £200-£400 K)	16	22	22
Products accessed from Scottish Enterprise	18	44	24
Start ups receiving aftercare support	93	352	352

Other activity which has been delivered by Falkirk Council for which there is not a direct comparison includes:

- 43 Growth Advisory Service clients (businesses increasing turnover by £200K in 18 months), (target 26)
- 4 companies referred to Scottish Enterprise for Account Management (businesses increasing turnover by >£400K), (target 4)
- 154 referrals to partner agencies (e.g. Skills Development Scotland, Scottish Enterprise etc)
- 109 workshops delivered at Falkirk Stadium or in Falkirk town centre attracting 809 attendees
- 259 companies assisted with discretionary advice and support (enquiries from business base which have not been segmented to a BG category)
- 187 instances of attending social media workshops or accessing web audits
- 352 direct aftercare support to business owners or managers at 6, 12 and 18 months of starting up
- 44 businesses receiving Expert Help (up to 3 days of external consultancy support on a specialised topic)
- 52 instances of Human Resource advice to businesses.
- 6 product events held in line with economic circumstances attracting 173 attendees
- 3 East of Scotland Loans approved (loans of up to £50k towards investment projects)
- 4 BP Loans approved (loans of up to £10k for clients who can't access bank funding)
- 30 £3k grants approved (50% contribution towards investment projects for businesses employing <20 people)

As a consequence of the above a total of 1347 jobs are forecast to be created over a 3 year period within the Falkirk area.

3.0 BENEFITS TO BUSINESSES

- 3.1 Bringing the Business Gateway service “in house” has enabled, as intended, the Council to provide a one stop shop for business support. Businesses can access a range of business support over and above the national Business Gateway service. This integrated service includes the Supplier Development Programme, grant and loan funding, web audits, social media training as well as Falkirk Business Panel events and activities. Business owners/ or managers are time pressurised and appreciate only having to deal with one support agency. It also enables Business Advisers to take more of strategic approach to supporting the businesses in their long terms plans for growth. This is reflected in a satisfaction rating of 100% from customers and 94% recommending the service to others.
- 3.2 Business Gateway is one of many business facing council services such as Development Management, Building Control, Trading Standards, Non Domestic Rates, Property Services, Employment Training Unit and Environmental Health. The Council has been able to deliver a holistic, joined-up approach to helping businesses in assisting and

advising on development or investment enquiries. Colleagues from individual teams share information, speed up enquiry times, conduct joint meetings and generally provide a smoother customer experience for businesses. Additionally, Business Advisers gain a greater knowledge and understating of how the Council can support businesses through its full range of regulatory and enabling roles.

- 3.3 Examples of this integrated way of working include work undertaken to assist local manufacturing bakery Oliphants who were given 4 weeks notice to leave their premises and find an alternative location. Very quickly a joint task team from Business Gateway, Property and Environmental Services was established, responding with support as a matter of urgency and the company was assisted in moving to new premises without losing any manufacturing days. This resulted in 40 jobs being safeguarded and 2 new jobs being created.
- 3.4 Other benefits of bringing Business Gateway service in house include increased flexibility. The reduction in contract management tasks enables a streamlined and simpler structure for delivery. The move has resulted in a clearer, more joined up and more effective public profile of support for business in the area. For example when the Ineos strike occurred the Council was able to directly engage with businesses that were impacted and quickly organised events at the behest of Government ministers. The service also ensured that PACE (redundancy support) was offered to businesses in difficulty as a consequence of this situation and in related instances at Ballantines of Bo'ness, Kier Group, and Deborah Services Ltd.
- 3.5 Better cross working with other support agencies such as Scottish Enterprise, Skills Development Scotland and Federation of Small Businesses has been achieved with joint events and regular update meetings. This has resulted in Falkirk Council establishing itself as a forward thinking organisation which puts business at the heart of what it does. The Council's services can also focus more wholly on effectiveness from the customer's point of view. A good example of this was when Ballantines went into administration. Working closely with colleagues in Scottish Enterprise the unit were able to implement a package of support to assist with the phoenix company, saving 33 jobs and securing a funding package of £1m.

4.0 CONCLUSION

- 4.1 Bringing Business Gateway in house has resulted in efficiencies for the Council. These have been used to establish a grant scheme where small businesses with growth potential can apply for up to £3k towards investment projects and job creation. A budget of £85,000 is now available on an annual basis to support small company growth. The East of Scotland Investment Fund budget was also augmented by £137,000 in the last year, allowing to Council greater scope to provide loan funding to local businesses and inward investors.
- 4.2 This report demonstrates the benefits of the Council's decision to deliver the Business Gateway service in house. As a consequence of this measure the council has met targets for delivery of the service, attracted additional external funding, redirected funds from efficiencies towards business support and integrated its delivery with related services in the Council.

5.0 RECOMMENDATION

- 5.1 It is recommended that the Committee consider whether or not to include business support services (which would include the decision to bring Business Gateway in house) in its scrutiny plan for 2015.**

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DIRECTOR OF DEVELOPMENT SERVICES

Date: 22 October 2014

LIST OF BACKGROUND PAPERS

Business Gateway and Business Support Update 14 Jan 2014

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 590971 and ask for Pete Reid, Manager, Growth and Investment Unit.