ABSTRACT: This report updates the Committee on the provision of business advice, counselling and support to local companies.

1. RECOMMENDATION(S)

It is recommended that the Committee consider:

(i) The content of this report which provides an annual update on the current provision of business advice, counselling and support to local companies; and

(ii) That the Head of Economic Development and Environmental & Consumer Protection will report to Committee during 2011/12 updating progress on the provision of services including recommendations regarding the future delivery of the Business Gateway contract.

2. BACKGROUND

2.1 Following a review of operations in September 2007 the Scottish Government took the decision to transfer funding and responsibility for managing the Business Gateway contracts to local authorities. These changes were reported to the Strategic Policy Committee on 5 February 2008 via Report No 154/08 and implemented in April 2008.

2.2 Over the last 4 years, there have been significant changes to the provision of business advice by the public sector at both local and national level. Since October 2007 there have been common Business Gateway contracts operating across Scotland (excluding the Highlands and Islands area). These regional contracts were initially let by Scottish Enterprise (SE) to a number of contractors and the primary focus of delivery was and continues to be the provision of support to new business start-ups. In addition Business Gateway is expected to identify high growth companies operating in SE target sectors and to provide support to other companies via a web-based system or a series of group workshops. Since July 2009 the Business Gateway was extended to cover the Highlands and Islands area thus enabling a pan Scotland provision by all 32 Councils.

2.3 Enterprise North East Trust (ENET) is the contractor delivering Business Gateway services in the Tayside area and Dundee City Council is the lead authority managing the contract on behalf of the three Tayside based councils on a shared service basis. Both Perth & Kinross Council and Angus Council officers regularly receive information on performance and have the opportunity to comment on delivery and influence performance via the local steering group that now meets every second month (until recently it was meeting on a monthly basis). In addition, senior officers and nominated elected members from the three councils meet on an annual basis to review activities, performance and strategy. Angus Council is represented at these annual meetings by the Convener of Infrastructure Services and the Senior Service Manager Economic Development.

2.4 It should be noted that over the last 2 years the Head of Economic Development and Environmental & Consumer Protection has been active at a national level in negotiations with both Scottish Enterprise and the Scottish Government over the transfer of Business Gateway contracts and associated matters. He is now the Chair of the Business Gateway Scotland Board (nominated by Cosla) and in a position to influence future strategy and policy at a national level.
2.5 Following the award of the new contracts in October 2007 it was recognised that within Angus and the rest of Tayside there would be a gap in the services being provided to local businesses. In an effort to counter this adverse situation it was proposed that the Council establish its own business advisory team consisting of one full time and one part time business adviser assisted by a part time clerical assistant. This was agreed in Article 9 of the Minutes of the Strategic Policy Committee on 5 February 2008 (Report No 154/08 refers). Following this an opportunity arose to participate in a Rural Tourism Project supported by the European Regional Development Fund (ERDF) and appoint a further full time Business Adviser (Tourism) on a 3 year contract and increase the hours of the clerical post to a full time position. These actions were agreed in Article 12 of the Minutes of Angus Council on 15 May 2008 (Report No 478/08 refers).

3. BUSINESS GATEWAY

3.1 The performance of ENET in delivering the Business Gateway contract for the Year ending 31st March 2011 is recorded in Appendix 1. It should be noted that the contract is performance related and ENET is only paid against outputs. The contract has targets across a range of activities and outputs summarised in Appendix 1.

3.2 ENETs performance in terms of meeting their 2010/11 targets and therefore delivering against the contract was generally good and Angus benefited from an above profile number of business start-ups. Council officers have established a constructive working relationship with ENET beyond fulfilment of the contract and this has led to the delivery of some additional services to local businesses under the “Survive & thrive” programme banner, especially focussed on driving growth through the current downturn.

3.3 ENETs performance for the full financial year (April 2010 to March 2011) is encouraging. Angus has 27.6% of the Tayside population, but has outperformed that figure in the number of Business Growth pipeline referrals (41% of the Tayside total) & Account managed referrals to Scottish Enterprise (33%) of all the Tayside Council’s. The close working relationship which has been established between the Councils own in-house advice team and ENET has contributed to Angus companies taking up a disproportionate share of the Tayside wide provision of these enhanced services.

3.4 The current Business Gateway contract expired at the end of September 2010, and ENET have taken up the legal option to extend it for a further 2 years through to September 2012. It is intended that the Head of Economic Development and Environmental & Consumer Protection will report to Committee at the appropriate time in 2011/12 with recommendations for future delivery of Business Gateway services following a review at local as well as national level.

4. ANGUS COUNCIL BUSINESS ADVISORY TEAM

4.1 The Council’s own team of Business advisers consisting of 1 full time Senior Adviser (General and Energy), 1 part time adviser (General and Food & Drink) and 2 part time advisers (Tourism) became fully operational in the early part of 2009. The advisory team operate from the 'Enterprise Centre', at Brechin Business Park which is leased to ENET who operate it as a serviced business centre with 3 offices;

- 1 Stop Renewables-wind energy consultancy & supply business
- Land Management Scotland/Earthfire Energy-biomass energy business
- Enertrag-wind turbine servicing business.
4.2 The main priority for the internal team is the provision of 1 to 1 counselling and advice to the companies across Angus which are unable to access support from either Scottish Enterprise or Business Gateway. This is of particular significance given the current downturn. The work encompasses a wide variety of activities including:

- General encouragement and mentoring of Managing Directors and owner managers, a service much appreciated by clients when critical business decisions need to be made.
- Identifying and highlighting business opportunities to companies.
- Advising on grant & loan schemes being operated at a national level, such as Regional Selective Assistance, the Scottish Rural Development Programme and the Enterprise Finance Guarantee scheme.
- Introducing companies to sources of assistance provided by the Council and where appropriate assisting in the application process.
- Assisting in developing and articulating the business case in relation to major planning applications.
- Encouraging and creating opportunities for companies to collaborate at a sectoral level e.g tourism.

4.3 The service has been well received by the business community. Efforts have been made to ensure that the Angus business community is aware of the business support services through participation in business events and distribution of a “Council Services to Business” document which summarises all the current support mechanisms provided by the Council. Considerable effort has been made to ensure a good working relationship with advisers at both Business Gateway and Scottish Enterprise in order to avoid duplication of effort and to ensure clarity of service provision for clients.

5. OUTPUTS

5.1 For the April 2010 - March 2011 period the Councils internal team of Advisers have engaged with over 220 local companies. Of these, 130 contacts have been classed as ‘significant’ either due to the time spent working with the client (more than 4 hours) or because the associated project has the potential for economic impact as indicated below.

5.2 The key programmes which the Advisers have under their direct control are the Angus Grant Scheme (AGS), the East Of Scotland Investment Fund, the Angus Vocational Training Scheme (AVTS) and the Market Development Grant (MDG). In the period April 2010 to March 2011 the Advisers have developed 14 x AGS applications, 1 x AVTF projects and 6 x MDG projects. The total Angus public sector investment in the AGS, MDG and AVTF projects is £57,356.

In addition the BA team have supported applications for Scottish Rural Development Programme (SRDP) grants, Dundee & Angus Innovation funding, and Tayside Development Grant assistance which has contributed to securing a further £1.056 Million of grant support for Angus companies.

The public investment secured has and will, result in leveraged private sector investment totalling £1.463 Million, the creation of 29 new jobs, and has contributed towards the safeguarding of 279 existing posts.

5.3 A summary of additional outputs is recorded in Appendix 2. These outputs vindicate past decisions taken to provide business support to Angus companies for the direct benefit of the individual companies, their employees and for the greater benefit and sustainability of the Angus economy.

6. ERDF FUNDING

6.1 It should be noted that Dundee City Council, on behalf of the Tayside local authorities, submitted an ERDF bid for funding for additional business support activities across Tayside using the Business Gateway money received from the Scottish Government as match
funding. This application was approved resulting in an additional £450,000 of funding across Tayside over 3 years. Dundee City Council, as lead partner, is responsible for holding the budget and administering the project. A number of new Tayside wide initiatives are underway utilizing this ERDF funding, including additional business growth courses being run here in Angus, and a growing business development Fund to support the cost of accessing specialist consultants.

7. FINANCIAL IMPLICATIONS

7.1 There are no financial implications arising directly as a result of the recommendations in this report.

7.2 Funding for the delivery of the Business Gateway service in Tayside is provided directly by the Scottish Government and administered by Dundee City Council. Ongoing engagement with this service has no direct financial implications for the council.

7.3 The ongoing costs associated with the employment of the Advisers and their accommodation will continue to be met from the Economic Development revenue budget, with 40% ERDF contributions towards the salary costs of the 2 part-time Tourism Advisers.

8. HUMAN RIGHTS

8.1 There are no Human Rights implications arising from this report.

9. EQUALITIES IMPLICATIONS

9.1 The issues dealt with in this report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

10. SINGLE OUTCOME AGREEMENT

10.1 This report contributes to the following local outcome contained within the Single Outcome Agreement for Angus:

- Sustainable business growth in Angus is achieved,
- Growth in tourism in Angus is achieved
- Angus residents are well equipped for employment.

11. CONSULTATION

11.1 The Chief Executive, Director of Corporate Services, Head of Law & Administration and Head of Finance have been consulted in the preparation of this report.

12. CONCLUSION

12.1 Across all the changes which have taken place in the last 3 years in the provision of business advice & counselling, the principal concern of the Economic Development and Environmental & Consumer Protection Division has been

(i) to ensure that Angus businesses continue to have full access to comprehensive professional business support to allow them to reach their full potential and

(ii) to provide added support for the business base focussing on “recovery” under the “survive and thrive” theme.
12.2 Previous concerns regarding the diminution of business support services as a result of the revised Business Gateway contracts (introduced in 2007) have effectively been answered by the Council’s introduction of its own advisory team. This has been especially important given that the general economy has just passed through the deepest and most persistent economic downturn in the last 50 years.

12.3 The results given in this report demonstrate the effectiveness of this direct form of intervention.

ERIC S LOWSON
DIRECTOR OF INFRASTRUCTURE SERVICES

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

ECDEV/DV/RJ/FM
25/04/2011
## Business Gateway Delivery in Tayside
### April 2010-March 2011

<table>
<thead>
<tr>
<th></th>
<th>Annual Target (Tayside)</th>
<th>Actual Period Outputs (Tayside)</th>
<th>Pro-Rata-Performance (% Tayside)</th>
<th>Angus only Outputs (% of Tayside Totals.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Start Ups</td>
<td>730</td>
<td>781</td>
<td>107%</td>
<td>213 (27%)</td>
</tr>
<tr>
<td>VAT+ Start Ups</td>
<td>156</td>
<td>156</td>
<td>100%</td>
<td>45 (29%)</td>
</tr>
<tr>
<td>Start Up Workshops</td>
<td>310</td>
<td>316</td>
<td>102%</td>
<td>76 (24%)</td>
</tr>
<tr>
<td>Existing Bus Workshops</td>
<td>90</td>
<td>74</td>
<td>82%</td>
<td>22 (30%)</td>
</tr>
<tr>
<td>Growth Pipeline Referrals</td>
<td>40</td>
<td>41</td>
<td>103%</td>
<td>17(41%)</td>
</tr>
<tr>
<td>DRM(A/cMgd) Referrals</td>
<td>12</td>
<td>9</td>
<td>75%</td>
<td>3 (33%)</td>
</tr>
</tbody>
</table>

**Notes**

1. Angus individuals and companies regularly attend start-up and existing business workshops held in Dundee.
2. Angus has 27.6% of the population residing in Tayside and should perhaps expect to achieve a similar % of the outputs.
3. Growth Pipeline – companies (including start-ups) which aspire to achieve £400k growth in turnover within three years.
4. DRM (A/C Mgd) – companies experiencing growth who will become account managed by Scottish Enterprise within twelve months and generally turnover of £1m+.
### Summary Outputs - Angus Council Business advisers
**April 2010 to 31st March 2011**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of contacts with businesses (e-mail/Tel &amp; meetings.)</td>
<td>1067</td>
</tr>
<tr>
<td>Number of businesses directly assisted in some way during the year.</td>
<td>220</td>
</tr>
<tr>
<td>Of which, the number of occasions where businesses have been assisted significantly <em>(defined as 4 or more hours or the project has the potential for considerable economic impact).</em></td>
<td>130</td>
</tr>
<tr>
<td>Number of instances of business advice/assistance being offered to Scottish Enterprise account managed businesses.</td>
<td>39</td>
</tr>
<tr>
<td>Number of potential Vat+ start-up businesses referred onto Business Gateway for support.</td>
<td>9</td>
</tr>
<tr>
<td>Number of Angus Grant Scheme (AGS) applications discussed with clients.</td>
<td>20</td>
</tr>
<tr>
<td>Number of AGS applications processed.</td>
<td>14</td>
</tr>
<tr>
<td>Number of Angus Loan Fund applications processed. (replaced by ESIF Loan Scheme wef July 2010.)</td>
<td>0</td>
</tr>
<tr>
<td>Number of Angus businesses referred through Business Gateway for the ‘growth pipeline’.</td>
<td>5</td>
</tr>
<tr>
<td>Number of times involved with other external and internal business support initiatives.</td>
<td>57</td>
</tr>
<tr>
<td>Number of inward investment projects supported or processed.</td>
<td>11</td>
</tr>
<tr>
<td>Number of Angus Vocational Training Fund applications processed.</td>
<td>1</td>
</tr>
</tbody>
</table>

### OUTCOMES

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants/Loan funding secured for clients</td>
<td>£1,113,356</td>
</tr>
<tr>
<td>Private Sector investment levered from grant/loan funding</td>
<td>£1,463,000</td>
</tr>
<tr>
<td>Jobs Created with Business Adviser Assistance</td>
<td>29 x FTE</td>
</tr>
<tr>
<td>Jobs safeguarded through Business Adviser Assistance</td>
<td>279 x FTE</td>
</tr>
</tbody>
</table>

Note: The in-house Business advisers are currently working on a number of live projects with local businesses that will safeguard jobs, create jobs, and stimulate capital investment. As these projects are concluded the outcomes will be recorded.