



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 21 JANUARY 2020**

SUBJECT: UPDATE ON BUSINESS GATEWAY REVIEW

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To provide Committee with an update of the Business Gateway review and to seek approval for the recommendations.
- 1.2 This report is submitted to Committee in terms of Section III (F) (4) of the Council's Scheme of Administration relating to providing assistance to those engaged in industry or commerce.

2. RECOMMENDATION

2.1 It is recommended that the Committee :-

- (i) note that the required 3 months' notice for terminating the Business Gateway Service Level Agreement with Highland Council by the end of this financial year has been given;**
- (ii) once the outstanding funds from Phase I of the Local Growth Accelerator Programme have been recovered, consider whether to reinvest this into bespoke advice and training for businesses;**
- (iii) note that there will be no further participation in Phase II of the Local Growth Accelerator Programme;**
- (iv) approve a Development Officer post from 1 April 2020 onwards;
and**
- (v) note that the above arrangements will present an annual saving of £11,414.**

3. **BACKGROUND**

- 3.1 Following on from the Economic Development and Planning section change management plan and Council's recent budget review in 2019 and consequently the reduction of one post in the Business Gateway team; a review of the current SLA with Highland Council was initiated.
- 3.2 A report was presented to the Policy & Resources Committee on 29 October 2019 (paragraph 11 of the minute refers) and it was agreed to give the required 3 months' notice for terminating the Service Level Agreement (SLA) with Highland Council by the end of this financial year and providing staffing resources instead within the Economic Growth and Regeneration team to undertake the following work:
- Represent the Council's interests with Business Gateway National on operational and management groups.
 - Ensure compliance with national standards and provides remediation
 - Provide monitoring and evaluation of activities/results
 - Oversee the customer records management system.
 - Procure workshops and call off specialist advice
 - Manage the out-sourced workshop providers including the booking and management of venues
 - Coordinate performance reporting
 - Identify funding and design initiatives to provide additional and added value activity to enhance the core Business Gateway service in Moray.
 - Oversee planning and delivery of Business Gateway marketing and PR activity to raise awareness of and promote the Service
 - Assist the Economic Growth and Regeneration Manager in delivering business gateway and project work.
- 3.3 Part of the SLA was a European funded Local Growth Accelerator Programme (LGAP) for small businesses. For Phase I, Highland Council confirmed now that the outstanding claims for the Moray operation is just over £27,600 and will be recovered in due course. It is proposed that once received it will be reinvested in specialist advice and training for businesses in Moray.
- 3.4 Phase I of LGAP concluded on 31 December 2019. As it was part of the SLA with and led by Highland Council, it was confirmed that it would not be possible for them to make any separate arrangements and steps have been taken to remove Council from their Phase II application.
- 3.5 Whilst Council could pursue European Funding for a local LGAP programme, the evidence of demand and need in relation to additional administrative burden and restrictions would outweigh the relative small return on investment, and reinvestment of the one-off return of £27,600 into specialist advice and training would be the best option.
- 3.6 Highland Council has received only funds for their first claim so far including the Moray's spend of £11,967.75, which will be invoiced shortly. The proposed programme of specialist advice and training is included in this report as **APPENDIX I** and most likely will be scheduled over 2 financial years as all funds become available. It provides an opportunity to offer a bespoke training & support package, which will be procured and managed locally and complements the core Business Gateway services.

3.7 Moray Economic Strategy 2019 – 2029 seeks to deliver business growth in small and medium-sized businesses employing more than 10 people. By developing a long-term programme of business acceleration activities, this will support young and small enterprises to focus rigorously on their growth in the UK and in international markets thus enabling the achievement of the desired outcomes of the strategy. It will also help to address that in Moray business birth and growth rates are poorer than in comparable areas. The proposed programme is also preparing the ground for creating further support in this area, which is anticipated to come through the Moray Growth Deal proposal.

3.8 In summary it includes the following:

- Moray Accelerator Programme (in collaboration with HIE) will be aimed at small and medium-sized businesses employing more than 10 people and will offer different entrepreneurial themes over the course of 12 weeks from business models and goal setting, identifying new market opportunities to intellectual property, scaling up, growth and leadership. Estimated total cost - £24,000 split between HIE £15,200 (subject to confirmation) and £8,800 from LGAP returned funds
Business Growth Workshops & Masterclasses - Demand has indicated that a range of topics will be delivered through full and half day sessions to businesses with aspirations to grow. Estimated cost - £5,000
- Additional Specialist Advice – 1 to 3 days advice available to businesses demonstrating significant growth potential who need help with specific issues relating to growth plans. Estimated cost - £8,800
Moray Business Showcase - 70+ businesses exhibiting at the Moray Sports Centre, Elgin. Estimated cost - £5,000

Indicative cost allocations are based on the delivery of Phase I of LGAP and previously run workshops and seminars.

3.9 As previously outlined, the Economic Growth and Regeneration section, which includes Business Gateway, does not have the resources to absorb the additional workload. The SLA with Highland Council had allocated 4.5 days between several members of staff in addition to management fees. Therefore it is proposed that additional staffing resource is provided through creating an additional f/t Development Officer post at Grade 9, utilising savings on the SLA and budget from changes in the service this will provide an annual saving of £11,414.

3.10 Depending on the outcome of this committee's decision regarding the proposed specialist advice and training programme, it is anticipated that approximately 60% to 70% of the Officer's time will be spent on providing business support with the remaining time allocated to the unexpected range of extra projects and programmes allocated to the Economic Growth & Regeneration section such as Town Centre Capital Fund, Museums services closure transition period to a new organisation, Rural Tourism Infrastructure Fund projects, Coastal Community Fund etc. As these funds are all direct investments, none provide any extra financial allocation for staffing and at present the workload and demands outnumber the staff resources available. It is anticipated that such funding opportunities for the Council and the community will continue to arise in this way and without this additional

resource we will not have the staffing compliment to facilitate these external funding opportunities to be realised in Moray.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The proposal will contribute to achieve the Corporate Plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

(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

(c) Financial implications

The agreed SLA with Highland Council has increased since the originally negotiated cost of £44,100 in January 2018. As it is linked to Highland Council staff salaries, it has increased since the recent pay award including back payment. It is expected that by the end of the financial year it will have increased into the region of £48,000, which is met out of the Business Gateway allocated budget. Taken together with savings identified within the service from recent changes through reduction of hours, a total of £64,300 is available. An f/t Development Officer Post on salary scale grade 9 with on-cost will be £52,886. It presents an annual saving of £11,414.

(d) Risk Implications

Moray Council has invested funding into the Highland Council's led Phase I, LGAP European funding application & delivery of the project and so far has spent money but not received any yet. However Highland Council has now confirmed that it received Moray's spend of £11,967.75 within its first claim, which will be invoiced shortly and still has to claim £15,652.18, subject to Government approval.

With the severance of the SLA with Highland Council from the end of this financial year, it is time critical to have the necessary additional staff resources in place to ensure a smooth transition and necessary resources in place to fulfil the obligations for delivering the Moray Business Gateway Services.

(e) Staffing Implications

As outlined in para 3.6 of this report the Economic Growth and Regeneration section, which includes Business Gateway does not have the resources to absorb the additional workload, it is proposed that the funding saved on the SLA will be used to address the resources need. It will be subject to consultation with HR.

(f) Property

There are no property implications

(g) Equalities/Socio Economic Impact

There are no equalities impacts arising from this report

(h) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Principal Accountant (P Connor), the Legal Services Manager, the Equal Opportunities Officer, the Human Resources Manager and Lissa Rowan (Committee Services Officer) have all been consulted and their comments included within the report.

5. CONCLUSION

5.1 Since the transfer of Business Gateway from Highlands and Islands Enterprise to Local Authorities in 2009, it has been an evolving process. At the time it was the obvious route of action to continue the shared services through a Service Level Agreement (SLA) with Highland Council and their arms lengths delivery company of Highland Opportunities Ltd.

5.2 Following budget reviews by Highland and Moray Councils which further reduced the resources, a recent review of the SLA concluded to recommend the services be delivered in-house by Moray Council.

5.3 However it is hoped that the services will still work in close partnership to maximise the benefits to small and medium sized enterprises.

5.4 If the proposals are approved it would present an annual saving of £11,414.

Author of Report: Reni Milburn, Economic Growth & Regeneration Manager
Background Papers: Proposals, correspondence and documents on file in Economy, Environment and Finance Department, Economic Growth & Regeneration Section

Ref: