

PERTH AND KINROSS COUNCIL**Enterprise and Infrastructure Committee – 22 August 2012****BUSINESS GATEWAY UPDATE****Report by the Executive Director (Environment)****ABSTRACT**

This report updates the committee on the outcome of the recent Tendering Process for the new Business Gateway contract, and outlines the delivery outcomes for the Business Gateway for 2011/12.

1. RECOMMENDATIONS**1.1 The Committee is asked to**

- i) Note the outcome of the Tendering process for the new Business Gateway Contract, and instruct the Head of Planning & Regeneration to work with the contractor Enterprise North East Trust to ensure the delivery of the targets outlined within the contract.
- ii) Instruct the Head of Planning and Regeneration to develop a new Business Gateway Memorandum of Understanding between Perth & Kinross Council, Angus Council and Dundee City Council covering the period October 2012 to September 2017.

2. BACKGROUND

- 2.1 Sustainable economic growth is the overarching objective of the Scottish Government and pro-active Business Support is a key priority for Perth and Kinross Council. Additional Business Development services are provided by a variety of agencies locally. Within Perth and Kinross a small number of our company base of c.6000 businesses are Account Managed by Scottish Enterprise (c.45 companies). These businesses are those with significant growth potential or are identified as key local businesses. The Business Gateway provides services mainly to pre and new start businesses, and also supports companies with the potential to be fed into the Scottish Enterprise account managed portfolio.
- 2.2 Business Gateway is a national service providing information, advice and training to people thinking about starting up in business or growing their business. It has a number of national core elements including the Enquiry Service (0485 609 6611); and the national website and marketing function (www.business.scotland.gov.uk). These are supplemented by local services provided by a network of Business Gateway providers providing business advice and training.

- 2.3 When the new Council Business Growth Team was formed at the time of the creation of the Planning and Regeneration Service, it was agreed to focus our own activities on smaller growth companies within the large “middle ground” between Scottish Enterprise and the Business Gateway. A number of other agencies also provide more specialised advice and support including Perth College Centre for Enterprise, The Princes Scottish Youth Business Trust, and membership organisations such as the Perthshire Chamber of Commerce, and the local branch of the Federation of Small Businesses.

2.4 **Business Gateway**

- 2.4.1 Responsibility for the local delivery of the Business Gateway service was transferred from Scottish Government/Scottish Enterprise to local authorities on 1 April 2008. In the Scottish Enterprise area, there are 12 “regional” arrangements/contracts. In Tayside, the lead authority is Dundee City Council, with both Angus and Perth and Kinross Councils represented on the local Steering Group. The Business Gateway aims to support pre, new start and existing businesses through the provision of information, business advice and skills workshops. The current contractor locally is Enterprise North East Trust who operate from offices in Dundee and Perth, that contract is due to expire on 30 September 2012.
- 2.4.2 Over the last three years the Business Gateway have provided support to a growing number of new start businesses in Perth and Kinross, increasing from 212 in 2008/9 to 280 in 2011/12.
- 2.4.3 The 2011 evaluation of the Business Gateway, endorsed by the Business Gateway Scotland Board and the Scottish Government, recommended that the Lead Local Authority arrangements be continued for the new Business Gateway contracts due to be in place by 1 October 2012. The Business Gateway Board and national operational Network Group developed a national service specification for tendering of new contracts for Business Gateway from 1 October 2012 to 30 September 2015, with the option to extend for two further single years until 30 September 2017. The Enterprise & Infrastructure Committee agreed at its meeting on 25 January 2012 to continue to work with our neighbouring colleagues to continue to contract on a Tayside-wide basis, report 12/33 refers. Dundee City Council, supported by Angus and Perth and Kinross Councils, began the full two stage OJEC tendering process in March 2012.
- 2.4.4 The contracts will be standardised across the 12 regions, however, an element of the contract has been amended to reflect specific local requirements. Across Scotland there is a mixed picture with a number of contracts tendered competitively, with others delivered “in-house” or by arms length organisations. Recently some local authorities have agreed to bring the Business Gateway service “in-house”, which will lead to existing contractor staff being subjected to the TUPE regulations. Officers within Perth and Kinross and the wider Tayside region believe that the current situation provides “best value” locally, and ensures some economies of scale and consistency.

2.4.5 Following the tendering process the current provider Enterprise North East Trust (ENET) have been successful in becoming the recommended Contractor. ENET are an Enterprise Trust and a non-profit distributing organisation who were recently awarded Enterprise Agency status for Tayside from the Scottish Government (prior to this they only had this status in Grampian). Therefore, in addition to the Business Gateway services prescribed in the Tender Documentation, ENET will now be able to offer some additional services via this status, in particular additional Youth Enterprise activities. In addition, ENET are seeking larger, more visible premises in Perth which are planned to be operational from October 2012. To ensure the ongoing monitoring of the Tayside-wide Business Gateway contract, the three local authority partners will be required to develop a new Memorandum of Understanding to cover the period of the new contract (October 2012 to September 2017).

2.5 Review of Business Gateway Activity 2011/12

2.5.1 The Business Gateway continues to provide necessary services to new and existing businesses in Perth & Kinross, against a backdrop of tough economic conditions, and a decline in overall numbers of business start ups since the recession started in 2008 (down from 655 start ups overall in P&K in 2008, to 462 in 2011/12). However, the Business Gateway is managing year on year to grow the number of businesses it supports within Perth & Kinross. In 2008 they supported 212 business start ups which has risen to 280 in 2011/12. Overall performance has been good. Targets are set at a Tayside level and the majority of these have been met or exceeded, except for the VAT+ start ups, and existing business workshops. The VAT+ target is becoming more difficult to reach in the current climate, and the Existing Business Workshops will be a priority for delivery in 2012/13. This is an area where our own Business Advisors can help shape the Workshop topics, and direct clients to the workshops.

2.6 Business Gateway Delivery - By Local Authority Area, April 2011- March 2012

| | Angus | Dundee | Perth | Other | Total |
|---------------------------|-------|--------|-------|-------|-------|
| Business Start Ups | 213 | 253 | 280 | 35 | 781 |
| VAT+ Start Ups | 33 | 52 | 45 | 8 | 138 |
| VAT+ Pipeline (60%) | 1 | 3 | 1 | 0 | 5 |
| Start Up Workshops | 79 | 157 | 94 | 0 | 330 |
| Existing Bus Workshops | 19 | 32 | 14 | 0 | 65 |
| Growth Pipeline Referrals | 13 | 16 | 15 | 0 | 44 |
| DRM(A/cMgd) Referrals | 2 | 3 | 3 | 0 | 8 |

3 CONSULTATION

- 3.1 The Head of Legal Services, the Head of Democratic Services and the Head of Finance have been consulted in the preparation of this report.

4 RESOURCE IMPLICATIONS

- 4.1 The Business Gateway contract is funded via a Scottish Government allocation to Dundee City Council (who are the lead Local Authority in the Tayside area and have overall responsibility for managing the contract). Therefore there is no direct financial implication for Perth and Kinross Council.

5 COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

- 5.1 The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. This report impacts on the following:

- A Prosperous, Sustainable and Inclusive Economy

6 EQUALITIES IMPACT ASSESSMENT (EqIA)

- 6.1 An equality impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.

- 6.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- Assessed as **not relevant** for the purposes of EqIA

7 STRATEGIC ENVIRONMENTAL ASSESSMENT

- 7.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).

- 7.2 The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

8 CONCLUSION

- 8.1 The Business Gateway contract across Tayside continues to provide a cost effective solution to the provision of support to local businesses. The awarding of the new contract to our existing providers Enterprise North East Trust

brings continuity, and an opportunity to develop new initiatives around the Youth Enterprise agenda. We will work to ensure even greater collaboration with our own Business Growth Team, and other local partners going forward.

**JIM VALENTINE
EXECUTIVE DIRECTOR (ENVIRONMENT)**

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 any material extent in preparing the above Report.

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| Contact Officer: | Alison Seggie, Ext. No. 75767 alseggie@pkc.gov.uk |
| Address of Service: | Pullar House, 35 Kinnoull Street, Perth, PH1 5GD |
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