

**PERTH AND KINROSS COUNCIL****Enterprise and Infrastructure Committee****2 April 2014****Update on Business Development Initiatives****Report by Executive Director (Environment)**

The report reviews the activities of the Business Growth Team and the Business Gateway in 2013, and proposes a re-focus of activities for the Business Growth Team going forward in 2014/15. Changes in the Business Gateway contract at a national level have led to the need to review the activities of our own Business Advisory team.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 On 8 June 2011, the committee agreed to refocus the Business Growth team activities away from new business start-ups to larger businesses with significant growth potential. Priority was given to companies trading above the VAT threshold of £79,000 and which were capable of generating a £400,000 increase in turnover over a three year period. The Business Growth team service was designed to fill the gap between the start-up support offered through the Council-funded Business Gateway at one end of the spectrum and the service provided by Scottish Enterprise at the other. Some 70 businesses across Perth and Kinross are currently directly supported by Scottish Enterprise.
- 1.2 During 2013, the Business Growth Team was increasingly involved in 'one to many' workshops covering a range of services from sales and marketing to social media. This was in addition to the 'one to one' service the team has provided since 2011. The team provided advice to over 200 companies in 2013 resulting in 76 new jobs and the safeguarding of a further 85 jobs. The team have supported 25 local companies enter new export markets, and assisted a further 14 companies to develop new products.
- 1.3 In addition, they introduced a number of initiatives which have become successful, well-supported events in the business community. The largest and most intensive of these was Business and Enterprise Month which is a collaboration between the enterprise support agencies within Perth and Kinross. Following the success of our first ever Business Week in 2012, we were joined by Business Gateway, Perthshire Chamber of Commerce, Perth College UHI, Federation of Small Businesses and Scottish Enterprise to develop the 2013 programme of events.
- 1.4 We also further developed The Angels' Share project in 2013. The Angels' Share is an innovative entrepreneur / investor matching service, which to date has resulted in over £500,000 of private investment to three local companies.

- 1.5 Perth and Kinross-wide Collaboration Workshops have also proven successful in facilitating more businesses to work together, particularly in rural areas. These working relationships have enabled businesses to increase sales and reduce costs through joint activities, and have also assisted businesses to export together. A total of 215 people attended the collaboration workshops, resulting in the creation of at least 8 collaborative groups.
- 1.6 In conjunction with Scottish Development International (SDI), the team has delivered three export workshops attended by 46 companies, and facilitated a further 26 one to one specialist advisory meetings through SDI's Smart Exporter programme, to assist companies to grow markets overseas. This has enabled at least 8 companies to export for the first time, and at least 2 others to increase sales by entering new markets. Based on this success, it is proposed we expand these workshops throughout 2014.
- 1.7 From April 2013 to date, twenty five grants and 3 loans have been awarded by the Business Growth Team to support growth within local businesses. A summary of these is attached at Appendix 1.
- 1.8 The delivery of the Council-funded Business Gateway Service in Perth and Kinross is contracted to Enterprise North East Trust. The Business Gateway service has, to date, complemented the work of the Business Growth Team as its focus is mainly smaller, start- up businesses, and in supporting growth companies to potentially become account managed by Scottish Enterprise.
- 1.9 The outcomes generated thorough the delivery of the Business Gateway service are monitored quarterly by a Steering Group of officers from the three Tayside local authorities. Overall, the targets set at a Tayside level for 2013/14 are on track for delivery. A Tayside target of 780 was set for Business Start- Ups, and by the end of February 2014 the number of start-ups supported by the Business Gateway was 750 or 96% of the target. Additional support is given to Growth Start Ups (defined as those who plan to employ staff and/or reach the VAT threshold of £79,000), and they have set a target of 170 Growth Start Ups across Tayside. By the end of February the target had been achieved. The target for Growth Assistance/Growth Pipeline was 95 and by the end of February this was at 87 or 92%. The target for companies into Account Management with Scottish Enterprise was 10, and 9 were accepted by the end of February.
- 1.10 In terms of supporting existing companies to grow, there are 3 levels or categories:-
- Growth Assistance Scheme (for those companies projecting turnover growth of £200-400K)
  - Growth Pipeline (for those companies projecting turnover growth of £400K-800K) and;
  - Account Managed companies (for those who have reached growth of £400-800K) identified with further growth potential.

- 1.11 The breakdown of delivery and outcomes across the 3 Council areas is set out in the table below.

Business Gateway Delivery April 2013 - February 2014				
	Angus	Dundee	Perth and Kinross	Total
Business Start Ups	169	278	303	750
Growth Start Ups	27	79	64	170
Growth Assistance Scheme	2	14	20	36
Growth Pipeline	5	21	19	45
SE Account Management	3	3	3	9

- 1.12 The figures for Perth and Kinross highlight that we continue to support a relatively high number of start-ups compared to our neighbouring areas. This is not surprising as we have historically high rates of start-up businesses. However, it is of concern that our numbers of growth start-ups are lower than in Dundee. Numbers into the Growth Assistance Scheme and the Growth Pipeline remain comparatively high which is a positive sign.

## **2. PROPOSALS**

- 2.1 Following the retendering of the Business Gateway contract to run from October 2012, it was agreed nationally through COSLA that the Business Gateway service would be expanded to work with all businesses capable of generating a £200,000 turnover growth over 3 years. A new Growth Assisted Service (GAS) was introduced. This has effectively reduced the number of companies requiring direct one to one business advice from the Council's Business Growth Team. Therefore, this paper proposes a further change in the services the Council directly offers to businesses in order to avoid duplication; and to ensure resources are deployed to maximum effect to deliver our Community Plan objectives.
- 2.2 The two local outcomes to be achieved under the "Promoting a Prosperous, Inclusive and Sustainable Economy objective are:-
- To create a thriving and expanding economy – through tackling obstacles to economic growth, developing our local economy and encouraging local businesses to grow and prosper.
  - To create employment opportunities for all - through ensuring we can improve the local jobs market, and increase the earning potential of everyone in Perth and Kinross.
- 2.3 In response to Business Gateway contract changes, customer demand, customer feedback and recent surveys, it is proposed that the Council's own business development activity re-focusses away from one to one business advice to provide, instead, more one to many business support activities. Business Gateway will be the sole mechanism to provide all general business development advice.

- 2.4 However, it should be stressed that Council business development staff will always be available to respond to specific requests for advice; although in many cases this will result in a referral to Business Gateway. The Business Growth team will focus its efforts on follow-up and follow-through actions arising from the proposed new programme of workshops and events. This support will be topic specific and will generally take the form of short, sharp interventions.
- 2.5 Over the past year or so, the team has developed more products and services that specifically address the weaknesses in the Perth & Kinross economy, such as exporting. These are detailed in Appendix 2.
- 2.6 Business and Enterprise Month which ran in November 2013 was very successfully attended, and strengthened the working relationships between the business support organisations in Perth and Kinross. In total 958 individuals attended the 2013 events, compared to 344 for the 2012 events. The intention is to continue to deliver this initiative in partnership with other local agencies, and national organisations such as Co-operative Development Scotland, the Supplier Development Programme and Scottish Development International.
- 2.7 The Team will also ensure they keep up to date with best practice in business development. They will be encouraged to bring forward new ideas and suggestions for innovative ways of doing things, and to develop new products and services to deliver to businesses. Additionally, Business Growth Advisers will continue to support companies to access funding and advice from other agencies.
- 2.8 An increasingly important aspect of the Team's work has been the creation of the Invest in Perth brand and dedicated support to attract new investment into Perth and Kinross. This will continue and will be enhanced through the creation of a new post to be funded for a two year period through an additional allocation made in the Council's 2014/15 budget.
- 2.9 In addition, a vacant post in the current Business Growth team will be redesigned to provide a cross-Council resource to manage the Smart City agenda which, in addition to using technology to deliver more citizen-focussed Council services, also has the potential to create a wide range of new, innovative businesses.
- 2.10 It is important to be able to monitor our activities and articulate their impacts and, ultimately, outcomes for the local economy. To do this the Business Growth Team will develop a monitoring framework which will measure specific activities and outputs, but more importantly outcomes. A draft monitoring framework is attached at Appendix 3
- 2.11 Finally, to reflect this refocus it is also proposed to change the name of the "Business Growth Team" to the "Business Development and Investment Team" as it is felt this more closely reflects the refreshed activity.

### 3. CONCLUSION AND RECOMMENDATION(S)

3.1 It is recommended that the Committee:

- Agrees to the refocus of the Council's business development support as set out in this paper
- Agrees to the utilisation of existing Environment Service budgets for this purpose, including the creation of a Smart Cities and Communities Project Officer
- Approves the creation of an Inward Investment and Marketing Support Officer post as outlined in the approved 2014/15 budget

#### Author(s)

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#### Approved

Name	Designation	Date
Jim Valentine	Executive Director (Environment)	21 March 2014

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>Yes</b>
Corporate Plan	<b>Yes</b>
<b>Resource Implications</b>	
Financial	<b>None</b>
Workforce	<b>None</b>
Asset Management (land, property, IST)	<b>None</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>None</b>
Strategic Environmental Assessment	<b>None</b>
Sustainability (community, economic, environmental)	<b>None</b>
Legal and Governance	<b>None</b>
Risk	<b>None</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>Yes</b>
<b>Communication</b>	
Communications Plan	<b>None</b>

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 This section should set out how the proposals relate to the delivery of the Perth and Kinross Community Plan / Single Outcome Agreement in terms of the following priorities:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

#### Corporate Plan

- 1.2 It is considered that the proposed re focussing of the Business Growth Team activities will contribute to the following objective: Promoting a prosperous, inclusive and sustainable economy.

- 1.3 The Council's Corporate Plan 2013-2018 outlines the same five Objectives as those detailed above in the Community Plan. These objectives provide a clear strategic direction, inform decisions at a corporate and service level and shape resource allocation. It is considered that the actions contained in the report contribute to objective (iii) outlined in paragraph 1.1 above.

## **2. Resource Implications**

### Financial

- 2.1 Any commitments arising from the recommendations of this Report will be contained within the approved Enterprise and Business Support budget within The Environment Service revenue budget.

### Workforce

- 2.2 There are no additional resource issues.

### Asset Management (land, property, IT)

- 2.3 There are no land or property issues.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 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.
- 3.2 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.

### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The proposals contained within the report are assessed to have a positive impact on sustainability, particularly with regard to the community and economic aspects of sustainable development.

### Legal and Governance

- 3.7 There are no legal implications of the proposals contained within this report.

### Risk

- 3.8 There are no issues of risk arising from the proposals in this report.

## **4. Consultation**

### Internal

- 4.1 The Head of Finance has been consulted in the development of the report.

## **5. Communication**

- 5.1 The business community and partner agencies will be kept fully informed of any changes approved.

## **2. BACKGROUND PAPERS**

None.

## **3. APPENDICES**

Appendix 1 - Grants and loans issued by Business Growth Team in 2013

Appendix 2 - Proposed Programme of Business Training for 2014

Appendix 3 - Monitoring and outcomes



## Grants and loans issued by Business Growth Team in 2013

<b>Business Growth Grant</b>		<b>Grant Amount</b>
Atholl Centre	Conference centre	£2,000
Mi City (Miconex)	New App platform	£12,000
Glenseal Adhesives	Capital equipment to assist export market	£15,000
Highland Safaris	New pathway and deer interpretation centre	£12,000
Mains of Taymouth Growth Grant	Leisure / tourism facility	£12,000
N.E.T. Waterjet	Capital equipment	£8,475
Perthshire Farmers & Producers	Event catering equipment	£3,362
Progression Bikes	Disabled mountain cycle	£1,750
Scotland Charity Air Ambulance	Capital and safety equipment	£10,000
Strathearn Distillery	Distilling equipment	£4,493
The Wee Pie Company	Catering equipment	£6,927
Pitlochry Golf Club	Extension of range	£10,000
East of Scotland farmers	LPG Installation	£15,000
Gulabin Lodge	Additional climbing facility	£8,475
Seriously Good Venison	Web & e commerce platform	£1,375
Hubertus Game	Extensnion to premises and chill equipment	19,500.00
Atholl Tablet	Expansion to new premises and inc capacity	20,000.00
Alison Enterprises	New premises to facilitate expansion	20,000.00
Agrivision	Development of office and workspace	£14,750

<b>Overseas Development Grant</b>		<b>Grant Amount</b>
Summer Harvest Oils	Asian market	£2,000
Loadfast Systems	Indian market	£1,431

<b>Consultancy Grant</b>		<b>Grant Amount</b>
Lovsushi Ltd	Marketing	1100.00
Kilmac Renewables Ltd	Eco energy study	2500.00
Miconex Ltd	Marketing	550.00
Summer Harvest	SALSA Accreditation	625.00

<b>East of Scotland Investment Fund</b>		<b>Loan Amount</b>
Scotclay	Clay manufacturing equipment	£25,000
Strathtay Developments	Leisure / Toursim facility	£100,000
Strathearn Distillery	Distilling equipment	£50,000

### PROPOSED PROGRAMME OF BUSINESS TRAINING FOR 2014

- **Marketing Masterclass** - A series of three interactive marketing sessions designed for SMEs. The goal to educate managers and owners in the wider discipline of marketing. Businesses will design a marketing strategy and plan aligned to their own business aspirations.
- **The Angels Share** – Continuation of our successful entrepreneur / investor matching service. Four pitching events annually, plus 2 educational events event.
- **Collaboration workshops** - 2 per month over 10 months  
Encouraging the proven benefits of working together for increased sales and reduced costs throughout Perth & Kinross.
- **Consultants collaboration** - 2 per annum. As above, targeting consultants and professionals to work together.
- **Collaborative Board Sessions** - Resulting from the above, two workshops with the aim of getting people with different skill sets to work on each other's businesses. These sessions will only be initial "enabling" programmes thereafter clients will go it alone. Two workshops in each area PA.
- **Sales & Marketing Skills Programme** - A series of two interactive sessions which will assist SMEs to achieve greater sales, covering basic presentation through to structured selling. Target audience is staff actively involved in sales for the company.
- **Selling Skills for the Non Sales person** - As above but targeted at employees not actively engaged in direct selling for their companies.
- **Monthly Export Workshops** – Breakfast workshop on the last Wednesday of each month to encourage companies in P&K to consider exporting. SDI will then be brought in to provide the detailed knowledge.
- **Social / digital Media Workshops** - To be outsourced. Two classes per month circa £350 per session. £7,000 (Note: College / ENET already providing service locally)

- **Business & Enterprise Month** — Building on the highly successful Business week in 2012 we were joined by Business Gateway (ENET), Perth College UHI, Scottish Enterprise, Perth Chamber of Commerce and the Federation of Small Businesses for Business Month in 2013. We plan to improve on this with a larger, targeted event in 2014.
- **Customer Service Skills Workshop** – A series of workshops throughout P&K to promote improved service within local businesses.
- **Moving into Management Overview** – An educational programme designed for employees looking to move into management and businesses with candidates they see as future Management prospects.
- **A range of purchasing / procurement workshops.**
- **Range of training for Speciality Retailers – on-line selling/ Marketing workshops**

## Monitoring and outcomes

Monitoring framework for Business Growth Team Plan			
Activity Monitoring		Outcome Monitoring	
		Increase in Turnover/Profit	
No. of businesses participating in workshops/training		Increase in Turnover/Profit	
		No. of Jobs created	
		No. of Jobs safeguarded	
No of ESIF loans applied for		No. of ESIF Loans Approved	
No. of business collaboration projects supported			
No. of Market Development Grants awarded		No. of cos. entering export markets	
		No. of cos. increasing export activity	
No. of businesses participating in Angels's Share		Investment Secured via Angel's Share	
		No. of cos. new to on-line selling	
No. of Inward Investment Enquiries		No. of confirmed investment projects	
No. of expansion/relocation enquiries from P&K cos.		Enquiries converted to projects (%)	
		No. of new jobs from investment projects	
		No. of safeguarded jobs from investment projects	
No. of hits on Invest in Perth Website			