
Report To:	Environment & Regeneration Committee	Date:	9 March 2023
Report By:	Director, Environment & Regeneration	Report No:	ENV019/23/JH
Contact Officer:	Jennifer Horn	Contact No:	01475 715573
Subject:	Business Development Service		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to provide the Committee an update on the services provided by the Council's Business Development Service.
- 1.3 Businesses are facing significant challenges following from the pandemic, Brexit and the ongoing inflation crisis.
- 1.4 This report then sets out the support offer for local small and medium sized enterprises through Business Gateway and also the opportunities of grants and loans through Business Development. In addition, the report sets out interventions to support businesses that are currently being delivered or developed for 2023/24.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the services that are offered, including the contracted service through Business Gateway.

Stuart Jamieson
Director, Environment & Regeneration

3.0 BACKGROUND AND CONTEXT

- 3.1 Inverclyde Council's Business Development Team delivers business support to Inverclyde businesses through business support, grants, and loans, as well as direct delivery of the tripartite Business Gateway contract with Renfrewshire and East Renfrewshire Councils.
- 3.2 At the October Environment and Regeneration Committee an update was provided with regards to the Council's employability service and within that report an update was given with regards to employment statistics. In that report, it was shown that employment rate had increased, the unemployment rate and economic inactivity rate had decreased. However, this is set within the 'Cost of Living Crisis' and increase in inflation.
- 3.3 The pressure of inflation has been felt by businesses across Scotland. Scottish Enterprise reported that Scottish businesses across all sectors continue to report widespread inflationary pressures, recruitment difficulties and some supply chain disruption. This is impacting the ability to meet demand for some businesses.
- 3.4 The Fraser of Allander Institute has significantly lowered its forecast for Scottish economic growth in 2023 due to the impacts of rising costs, falling customer confidence, and weakening demand. The Institute expected overall growth of 3.6% in 2022 but with contractions of the last two quarters, tipping the economy into recession by the end of 2022, followed by further contraction in output in 2023 (-0.6%) before return to growth in 2024.
- 3.5 Although recent reports have been more positive anecdotal reports are suggesting that the cost of doing business is at an unprecedented high and it is a challenging time for businesses.
- 3.6 The latest 'Business in Scotland' data for 2022 suggests that the pandemic, Brexit and ongoing inflation crisis has had a significant impact on business activity in Inverclyde.
- 3.7 In 2020 business birth rate (per 10,000 16-24 population) was 37.4% lower than the national average. In addition, there has been a decline in business activity. Businesses in sectors that Inverclyde has strengths are starting to struggle because of Brexit, COVID-19 and the inflation crisis.
- 3.8 While employment in Inverclyde is higher than the Scottish average, there is an over reliance on employment in public services. 70% of Inverclyde's jobs are in the Foundation Economy, with approximately 1/3 in Providential Economy such as Health and Social Care. To ensure that Inverclyde has high quality and sustainable jobs, the Council and our partners must support the birth, attraction and growth of businesses in the area.

Inverclyde Council's Business Development Service

- 3.9 The Inverclyde Economic Strategy has the vision that 'Inverclyde is a part of a strong city region with a competitive and thriving economy, sustainable communities and flexible and skilled workforce.' The strategy sets out 5 priority themes:
 1. To boost skills and worklessness
 2. To accelerate the regeneration of strategic employment sites and town centres
 3. To progress the renewal and economic regeneration of the most disadvantaged areas of Inverclyde
 4. To increase Inverclyde's capacity to accommodate jobs particularly in the private sector; and
 5. To grow and diversify the business base.

- 3.10 The Business Development Team has an important role to play in the delivery of the priorities above. The Council's Business Development Team aims to support businesses to start, grow and support them to survive.
- 3.11 The team delivers through Business Gateway advisor, officer support, expert support, grants and loans to businesses.

Business Gateway

- 3.12 Business Gateway is a national service which is delivered locally by Local Authorities. Inverclyde is part of the Greater Renfrewshire regional Business Gateway which includes, Renfrewshire Council, who administer the grant from Scottish Government, and to East Renfrewshire Council. The grant is managed by Renfrewshire Council and administered to Inverclyde Council each year.
- 3.13 Under service level agreement there are services that the Council must deliver as part of the Business Gateway Service:
- a) **Business Start-Advisory Service:** The start-up advisory service covers both pre-start and start-up/early-stage support. This is delivered through training workshops, online resources and one-to-one advisory support. The advisors work with new and potential businesses to support them achieve their growth objectives and aspirations.
 - b) **Business Growth Advisory Services:** The Growth Advisory Services are available to pre-start, post-start and existing businesses, where the Business Gateway support can help the company increase their annual turnover by at least £200,000 within three years. The aim of the service is to enable Business Gateway to work intensively on a one-to-one basis with businesses to assist them to achieve or raise their growth aspirations. The service also includes provision of training workshops which are all available to all existing business regardless of growth potential.
 - c) **Business Gateway Local Services:** In addition to the core services outlined above, Business Gateway offers local services which complement the Business Gateway core service. Services include localised bespoke training workshops, networking events, recovery/sustainability support, expert or specialist support.
- 3.14 Inverclyde Council contracts the Business Gateway service on a yearly basis. The contract is currently contracted to BDA who have been delivering the Business Gateway contract since 2018. Prior to that it was in house in the Council and previously another provider.
- 3.15 The Business Gateway Start Up support rate has been positive since 2020, despite the challenges around covid. For this financial year the numbers are slightly lower than 2021 but anecdotal evidence is showing that the cost of doing business and cost of living is potentially putting off those who may wish to embark on an entrepreneurial career.
- 3.16 The Business Gateway Growth services has been slower than the start-ups but the Business Gateway team are supporting 9 early stage growth clients and 20 growth advisory service clients.
- 3.17 Business Gateway offers expert help to local businesses. This is targeted support where the Business Development Team or the Business Gateway advisor refers businesses to tailor made support for their needs e.g. social media support. To date there has not been a great uptake of this service however as we enter the last quarter of the year there is a push to improve uptake and ensure that there is uptake from early in 2023/24.

Business Grants and Loans

3.18 The Business Development Team administer business grants to small and medium sized businesses for:

- **Start Up Business Grant:** Up to £500 capital grant which can be used to cover 50% of costs for businesses that are starting trade in the area.
- **Business Training Grant:** Up to £2000 grant to be used for 50% of training costs.
- **Business Marketing Grant:** This grant can be used for marketing to cover up to 50% of eligible costs of marketing activities up to a maximum contribution of £500.
- **Business Assistance Grant:** A fund which provides assistance to help businesses meet specific business growth objectives. The fund can cover up to 50% of eligible costs of capital expenditure up to a maximum of £5,000.
- **Grant for tourism businesses:** A grant to tourism businesses up to 50% of costs of capital expenditure up to a maximum contribution of £5000.
- **Marketing grant for tourism businesses:** This marketing grant for tourism businesses can be used to cover up to 50% of total costs of marketing activities up to a maximum contribution of £1000.

Boost area start-up: This fund is for businesses that are starting to trade and the applicant resides in a SIMD 1 or 2 post code area. Applicants must engage with Business Gateway who will then support the applicant through the process and refer them to the Business Development Team. The grant can be used to cover a maximum contribution of £1000 for either capital expenditure or contributions towards the start up costs of the business.

3.19 The Property Development Team also offer grant support to local business through the Property Assistance Scheme which offer support of up to 50% of total costs for physical improvements to a business property e.g. signage, security.

3.20 Business Grants are funded through the Regeneration Service's core Council budget.

3.21 In additions to grants, the Business Development Team can offer support to businesses through loans:

- **Business Loan Scheme:** An interest-free loan fund of up to £5000 over 3 years for Small and Medium sized businesses.
- **Special Intervention Loan Fund:** Interest-free loans between £5000 and £25,000 over 5 years to assist in supporting the sustainability, development or growth of the business.

Other Business Support Activities

3.22 As well as business support grants, the team are developing other areas of business support utilising Council Earmarked Reserves and Scottish Government Funding. These interventions were presented to the August Environment and Regeneration Committee.

3.23 The interventions include:

- Supporting business increase their digital presence
- Support businesses with strategies to grow
- Increase the marketing grant stated above. This will be launched in the 23/24.
- Events to encourage self-employment as a career option
- Supplier Development Programme "Meet the Buyer". The first event took place on the 8th of February.
- Sector specific: Supporting key industries with challenges that they are facing.

- Export support: Working with other agencies such as the Inverclyde Chamber of Commerce to support businesses who would like to expand their exporting activities.
- Cruise ship: Capitalise on the new Greenock Ocean Terminal, the crew staff and holidaymakers who are coming to Inverclyde to put together a programme that would raise awareness of what is available locally.

3.24 As well as the above, the team are working with the Glasgow City Region to improve support around Green Business interventions.

3.25 The Regeneration Service continues to support the needs of local businesses through business, employability and property support. The interventions are always evolving, reacting to the changing economic climate and the needs of local businesses. The service continues to support small and medium sized enterprises, as well as working with our partners e.g. Scottish Enterprise to support Inverclyde to have a thriving, prosperous and sustainable economy.

4.0 IMPLICATIONS

4.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO	N/A
Financial		X	
Legal/Risk		X	
Human Resources		X	
Strategic (LOIP/Corporate Plan)	X		
Equalities & Fairer Scotland Duty		X	
Children & Young People's Rights & Wellbeing		X	
Environmental & Sustainability		X	
Data Protection		X	

4.2 Finance

There are no new financial implications as a result of this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

4.3 Legal/Risk

There are no new legal/risks as a result of this report.

4.4 Human Resources

There are no human resource implications from this report.

4.5 Strategic

The business support interventions reflect the aims and objectives of the LOIP.

4.6 Equalities and Fairer Scotland Duty

(a) Equalities

This report has been considered under the Corporate Equalities Impact Assessment (EQIA) process with the following outcome:

	YES – Assessed as relevant and an EqlA is required.
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, assessed as not relevant and no EqlA is required. Provide any other relevant reasons why an EqlA is not necessary/screening statement.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO – Assessed as not relevant under the Fairer Scotland Duty for the following reasons: Provide reasons why the report has been assessed as not relevant.

4.7 Children and Young People

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

	YES – Assessed as relevant and a CRWIA is required.
X	NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children's rights.

4.8 Environmental/Sustainability

Has a Strategic Environmental Assessment been carried out?

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YES – assessed as relevant and a Strategic Environmental Assessment is required.

X

NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is like to have significant environmental effects, if implemented.

4.9 Data Protection

Has a Data Protection Impact Assessment been carried out?

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YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.

X

NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

5.0 CONSULTATION

5.1 None.

6.0 BACKGROUND PAPERS

6.1 None.