With the Scottish Government’s end-to-end review of the enterprise and skills agencies due to report in October 2016, this subject profile provides information about current provision of business support services in Scotland.
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BACKGROUND - ECONOMIC DEVELOPMENT IN SCOTLAND

In its broadest definition, economic development refers to policies aimed at supporting economic growth and the economic participation of individuals and communities (Audit Scotland, 2016). As Audit Scotland points out, “all public sector spending contributes in some way to supporting Scotland’s economy” (p. 12). However, this subject profile will focus on business growth, and the briefing will summarise the work of those agencies – Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE) and local authorities – that work directly with businesses to increase turnover, exports, employment and innovation. Businesses are also supported by a number of other organisations and bodies, some of which are listed in Annex 1.

According to the most recent Government Expenditure and Revenue Scotland (GERS) figures, the public sector in Scotland spent £1.04 billion on ‘enterprise and economic development’ in 2015-16, equal to 1.5% of total public expenditure (Scottish Government 2016a). This includes Scottish Government ‘grant-in-aid’ funding to Scottish Enterprise, HIE and VisitScotland, as well as local authority spend on economic development. Scotland’s spending on economic development compares favourably with other regions of the UK, according to the UK Government’s Public Expenditure Statistical Analyses (HM Treasury 2016). Indeed, figures for 2014-15 show that Scotland spent a larger proportion of its total identifiable expenditure on ‘enterprise and economic development’ than any other country or region of the UK (See Table 9.8a).

2007 REFORMS AND CURRENT ‘END-TO-END’ REVIEW

In September 2007, following a review of the enterprise agencies, the Scottish Government announced major reforms to SE and HIE. These changes were intended to make SE and HIE more clearly focussed on the goal of delivering sustainable economic growth across the Scottish economy as a whole (Scottish Government 2007).

In terms of organisational changes, the 2007 reforms resulted in the transfer out of Careers Scotland and skills activities from SE/HIE to Skills Development Scotland (SDS) and the transfer of Business Gateway and local regeneration activities to local authorities (LAs). Between 1991 and 2007 the enterprise agencies operated largely through a decentralised structure of Local Enterprise Companies (LECs). For the most part there were 10 in the HIE area and 13 in the SE operating area. After 2008, LECs and Local Enterprise Forums (LEFs) were abolished and replaced with a regional delivery model for enterprise support.

These changes did not require legislation and most were implemented by 1 April 2008.

During her ‘Taking Scotland Forward’ speech in May 2016 the First Minister announced an “end-to-end review of the roles, responsibilities and relationships of our enterprise, development and skills agencies, covering the full functions of Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and the Scottish Funding Council” (Scottish Government 2016b). The review will initially report in late September or early October 2016. Responding to a Parliamentary Question on the 15th September, the Cabinet Secretary for the Economy, Jobs and Fair Work stated:

“The review has already benefited from high levels of stakeholder interest; 320 responses have come in already. We have also commissioned two specialist advisory reports, which we will publish shortly, alongside a summary of the call for evidence.

There is no question but that the European Union referendum result has changed the context since we started the review and, to take account of Brexit, we have to build fully on stakeholder views. In light of ministerial review group views, expressed through that forum, ministers have decided to take forward the review in two stages. Stage one
concludes shortly and will set out the key recommendations for change across a number of areas. Phase 2 will take forward consideration of the recommendations with key partners. The timetable for phase 2 will be set out alongside the phase 1 outcomes.”


STRATEGIC CONTEXT

Scotland’s Economic Strategy

Scotland’s economic development is guided by the Scottish Government’s Scotland’s Economic Strategy published in March 2015. This builds on the original Government Economic Strategy from 2007, and argues that boosting competitiveness and tackling inequality are “mutually reinforcing goals” (p.13). These twin goals will be achieved by focusing on four priorities (the four i’s) as follows:

- Investing in people and infrastructure in a sustainable way;
- Fostering a culture of innovation and research and development;
- Promoting inclusive growth and creating opportunity through a fair and inclusive jobs market and regional cohesion;
- Promoting Scotland on the international stage to boost trade and investment, influence and networks.

The Scottish Government states that a fairer and more equitable society underpinning a strong economy is the central theme of the new strategy (Scottish Government 2015b).

National performance framework

The success, or otherwise, of the Economic Strategy will be measured through the National Performance Framework (NPF), hosted on the ‘Scotland Performs’ section of the Scottish Government website. Public services – from health boards and councils to the enterprise agencies and education providers – all play a role in supporting the Scottish Government's Purpose and National Outcomes included in the NPF, and are expected to demonstrate how they contribute to them.

Economic development indicators

The NPF includes 11 Purpose Targets and 55 National Indicators. The following targets and indicators relate specifically to areas of economic development and business support. The links are to Scotland Performs webpages which include more information on the data behind the targets and indicators, plus recent performance information.

**Economic Growth**

- To raise the GDP growth rate to the UK level.
- To match the GDP growth rate of the small independent EU countries by 2017.

**Productivity**

- To rank in the top quartile for productivity against our key trading partners in the OECD by 2017.
Participation

- To maintain our position on labour market participation as the top performing country in the UK.
- To close the gap with the top five OECD economies by 2017.

National Indicators directly related to business support include—
- Increase the number of businesses
- Increase exports

Other related indicators include—
- Improve the skill profile of the population
- Reduce underemployment
- Reduce the proportion of employees earning less than the Living Wage
- Reduce the pay gap

The Scottish Government aims to improve on all of these indicators through the activities of agencies such as Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, as well as Scotland’s 32 local authorities.

THE ENTERPRISE AGENCIES

Scottish Enterprise evolved from the Scottish Development Agency (SDA) which was created in 1975 to give effect to state interventionism in business and industry and the remediation of derelict land. Scottish Enterprise has statutory powers to “promote and assist economic development, enterprise and international competitiveness and to advise Scottish Ministers on all related matters” (Scottish Government 2015b).

Scottish Enterprise employs approximately 1,330 full-time equivalent (FTEs) employees and has a budget of £321 million in 2016/17. Around 75% of this (£240m) comes in the form of grant-in-aid from the Scottish Government (Scottish Enterprise 2015a). The remaining funding is made up of Scottish Investment Bank and Scottish Loan Fund income, EU income, property income, property disposals and other business income. SE has 12 local offices throughout Scotland – Aberdeen, Bellshill, Clydebank, Dumfries, Dundee, Edinburgh, Glasgow, Glenrothes, Kilmarnock, Paisley, Selkirk and Stirling.

Highlands and Islands Enterprise, formerly Highlands & Islands Development Board (HIDB), was formed in 1965 and is one of the oldest regional development agencies in Europe. It was established to address socio-economic problems in the region, specifically high unemployment, net out-migration and declining industries. HIE delivers a range of business support services similar to those of SE; however, since its formation HIE has had an additional community/social remit which involves working directly with communities to address social, economic and infrastructure issues. HIE employs 292 people across its three administrative and nine area offices, and has a budget of £79 million in 2016/17 (with £67m or 85% coming directly from the Scottish Government).

Account management

The account management system is the primary mechanism for SE and HIE to support “companies with the greatest potential for growth” (Upper Quartile 2013). Approximately 120 account managers are employed by Scottish Enterprise to provide one-to-one support, advice and guidance to the management team of account managed companies. They generally have business experience, and work with the account managed business by providing advice on
business planning and directing them to other sources of advice and funding. Through the account manager the company has access to an ‘account team’; in-house and external specialists in the fields of finance, innovation, market development, business improvement, organisation and strategic development. In 2014/15 SE spent just over £14 million on account management and specialist advisory services (Scottish Enterprise 2015b).

The following table and graph show the proportion of Scottish Enterprise account managed companies by sector, as a percentage of total account managed companies:

**Figure 1: Scottish Enterprise account managed clients by sector (as % of total)**

![Bar chart showing the proportion of Scottish Enterprise account managed clients by sector.]

- Technology & Engineering: 21.2%
- Energy - Oil & Gas/Thermal Generation…: 14.2%
- Food and Drink: 12.5%
- Construction: 7.3%
- Life Sciences: 7.0%
- Non Sector: 6.1%
- Creative Industries: 5.4%
- Financial & Business Services: 5.2%
- Tourism: 4.7%
- Energy - Low Carbon/Renewables: 4.6%
- Textiles: 4.0%
- Chemical Sciences: 3.0%
- Aerospace, Defence and Marine: 3.0%
- Forest Industries: 1.4%
- Further and Higher Education: 0.4%

(Source: Scottish Enterprise, personal correspondence)

Approximately 90% of SE account managed businesses are small or medium sized enterprises (SMEs), micro businesses or sole traders (Audit Scotland, 2016).

Highlands and Islands Enterprise employs around 70 business account managers servicing 450 businesses (including social enterprises). Of these, over 95% employ less than 250 people. HIE also account manages approximately 120 community enterprises across the region. The following table provides a breakdown of account managed clients by broad sector ('Other' includes many of these community enterprises):
Scottish Enterprise and HIE support

SE and HIE support tends to come in ‘packages’ of support which include a number of programmes, grants and services. As such, Scottish Enterprise believes it is difficult to isolate the benefits derived from any one specific intervention. The SE Business Plan 2015-18 and HIE Operating Plan 2016-19 lists some of the other programmes SE and HIE delivers. For example, there are a number of research and development, commercialisation and export support programmes delivered by the enterprise bodies. HIE is also responsible for the delivery of national programmes such as Wave Energy Scotland, Community Broadband Scotland and the Scottish Land Fund.

Some examples of the support offered to businesses are profiled below – RSA, SIB and the Workplace Innovation Service

Regional Selective Assistance (RSA)

Regional Selective Assistance (RSA) - “the main national scheme of financial assistance to industry in Scotland” (Aston Business School 2013) - is a grant scheme which helps fund projects leading to the creation or safeguarding of jobs. Grants of up to 30% of a project’s costs are available to businesses looking to expand their Scottish operations – not just those headquartered in Scotland - as long as they meet certain jobs created/safeguarded criteria (Scottish Enterprise, 2015d). The amount of grant available depends on the location, size and cost of the project, the size of business and the number of jobs created or safeguarded. Applications are assessed by a dedicated RSA team within Scottish Enterprise and reviewed against a number of programme rules, including an economic impact assessment for all projects over £250k.

Grants are paid in a series of instalments usually over several years as job and capital expenditure targets are met. Each quarter, Scottish Enterprise publishes details of grants offered and accepted. For example, in 2014/15 £58 million worth of RSA payments were agreed, to be paid over a number of years. Over the following years, Scottish Enterprise estimates that these grants could help generate almost £400 million of capital investment and

Figure 2: HIE account managed clients by sector (as % of total)

- Other: 25.0%
- Food and Drink: 18.5%
- Tourism: 14.9%
- Energy: 12.0%
- Multiple growth sectors: 11.2%
- Creative Industries: 10.3%
- Financial & Business Services: 4.0%
- Life Sciences: 3.8%
- Higher Education: 0.3%

(Source: Highlands and Islands Enterprise, personal correspondence)
'create or safeguard' 8,991 jobs (Scottish Enterprise 2015c). Total payment of RSA in 2014/15 amounted to £30.4 million (Scottish Enterprise 2015b).

Scottish Investment Bank

The Scottish Investment Bank (SIB), a division of Scottish Enterprise, supports the development of Scotland’s private sector SME funding market to ensure both early stage and established businesses with growth and export potential have adequate access to growth capital. It provides equity to businesses through the following funds:

- Scottish Co-investment Fund;
- Scottish Venture Fund;
- Scottish Loan Fund;
- Scottish Recycling Fund.

These funds co-invest with private sector partners, mainly business angel syndicates – the private sector partners source the deals, make investment decisions, and SIB provides matched funding and invests alongside the private sector partners.

SIB also provides ‘financial readiness’ support through a team of dedicated advisers helping companies articulate their propositions and requirements to potential funders.

Workplace Innovation Service

Scottish Enterprise has recently launched a new Workplace Innovation Service to support companies find new ways of engaging the creativity and skills of their people (Scottish Enterprise 2016). The Workplace Innovation Service consists of three elements which will be delivered over two years, including a series of master classes, a Workplace Innovation Engagement programme focusing on individual and shared learning and a High Performing Participating Teams approach to support improved performance. The programme aims to help companies increase productivity and business performance by “unlocking the talents of their people, identifying innovative new ideas or work processes from their existing staff and organisational structures”.

SCOTTISH DEVELOPMENT INTERNATIONAL

Scottish Development International (SDI) is the international arm of Scotland’s development agencies. It has a dual role to encourage inward investment and promote internationalisation by Scottish companies. SDI is almost entirely funded by Scottish Enterprise, with a planned budget of £34.1 million in 2015-16. The largest areas of SDI expenditure are on programme costs (including grant funding, events and trade missions), staff costs and the costs of running overseas trade and investment offices. SDI has a network of 28 overseas offices which businesses can use to access local market intelligence. Since 2012, it has opened new offices in Norway, Saudi Arabia, Ghana, Canada, Brazil, China and India.

BUSINESS GATEWAY

Business Gateway (BG) provides advice, information and training to people looking to either start their own business or grow an existing one. It is delivered through a combination of national and local services, with local authorities managing, and increasingly delivering training, events and advice services. The Business Gateway national call centre and inquiry service is delivered by Scottish Enterprise (SE) on behalf of the BG network.
There are 57 Business Gateway offices throughout Scotland employing approximately 200 people, including 150 business advisers. The national call centre and research service (the ‘Enquiry Fulfilment & Research Service’) employs a further 40 people (full time equivalent). The BG National Unit, based in COSLA and employing 10 people, is responsible for marketing the service nationally, running the BG website and providing quality assurance across the network.

The decision to transfer responsibility for BG delivery to local authorities was taken by the SNP government in 2007 with the move taking place on the 1st April 2008. Previously, BG services were delivered by Scottish Enterprise (SE) via its network of local enterprise companies (LECs). The reason given for the transfer was that Business Gateway provides advice to start-ups and local businesses serving mainly local markets: “it is appropriate that it should be delivered by local authorities with whom these businesses already interact on a range of local issues.” (Scottish Government 2007).

BUSINESS GATEWAY SERVICES

In 2014/15, over 10,100 new businesses started with some form of assistance from Business Gateway. According to the Scottish Local Authorities Economic Development (SLAED) Group, the one year survival rate across Scotland in 2014/15 for these businesses was 77%, dropping to 61% when looking at the three year survival rate (SLAED 2015).

Business Gateway website

The BG website includes a number of guides on how to start, run and grow a business. These relate to themes such as ‘first steps’, ‘writing a business plan’, ‘understanding your market’, ‘employing people’ and ‘sales and marketing’. Visitors can also complete a webform which local BG offices follow-up with information on local services. In 2014/15 the website was viewed by around half a million visitors and over 10,000 webforms were completed (Business Gateway 2015).

Local Business Gateway training and events

Local BG services include training events and one-to-one support from business advisors. Core training events, available across Scotland, include sessions on marketing, business planning, finance and bookkeeping. Additional events may include training on trading standards, e-business and advertising. Across the network, over 3,200 workshops were delivered attracting 24,825 attendees (Business Gateway 2015). There is also a degree of flexibility for local authorities to deliver training in areas particularly relevant to the local economy – for example how to engage with Tripadvisor, or how to start a consultancy.

Business advisers

Business Gateway local offices provide a one-to-one adviser service to businesses with growth potential, i.e. those likely to reach £70,000 plus turnover within 12 to 18 months, or are likely to employ at least one member of staff. These businesses account for approximately 10% of the total number of all start-ups assisted by BG. Business Gateway Advisers may come from a business background and all of them must complete a Premier Adviser qualification, leading to a Diploma in Business and Enterprise Support, which takes around six months to complete.
BUSINESS GATEWAY 'MARKET SEGMENTATION'

The BG national office highlights “a clear imperative to focus resources on those firms which will offer the highest potential return in terms of increased growth and so contribute most to the local and national economy” (Business Gateway 2012). With that in mind, businesses are categorised, or 'segmented', according to their growth potential. Start-up or existing businesses with expected turnover growth of at least £400,000 within three years (£200,000 in the HIE area) are included in the ‘growth pipeline’. These companies receive more intensive support with a view to transition to SE or HIE account management.

Table 1: Business Gateway market segmentation

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Characteristics</th>
<th>Services offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume starts</td>
<td>Conventional start-ups and self-employed, unlikely to exceed High Value Start Up threshold (currently turnover of £70,000 per annum) or unlikely to create employment</td>
<td>Largely handled through web-based services and workshops, rather than one-to-one support</td>
</tr>
<tr>
<td>Potential High Value Start-Ups</td>
<td>New starts with aspiration to exceed a turnover of £70,000 within 12-18 months of starting trading and/or create employment</td>
<td>Web-based services, workshops and one-to-one advisory support</td>
</tr>
<tr>
<td>High Value Start-Ups</td>
<td>New starts that are expected to exceed a turnover of £70,000 within 12 months of starting trading and/or create employment</td>
<td>Web-based services, workshops and one-to-one advisory support</td>
</tr>
<tr>
<td>Business Base</td>
<td>Existing business with no growth aspirations</td>
<td>Web-based services, events and referrals to other relevant services</td>
</tr>
<tr>
<td>Growth Advisory Service (GAS)</td>
<td>Start – up or existing businesses with growth aspirations expected to achieve an increase in turnover of £200,000 within 3 years. For rural regions entry level is £100,000.</td>
<td>Targeted support aimed at supporting growth aspirations. Support will include access to universal services from enterprise networks and one to one advisory support</td>
</tr>
<tr>
<td>Growth Pipeline (GP)</td>
<td>Start – up or existing businesses with growth aspirations expected to achieve an increase in turnover of £400,000 – £800,000 within 3 years. For HIE regions entry level is £200,000 increase in turnover.</td>
<td>Targeted support aimed at supporting growth aspirations and transition to intensive account management services at SE/HIE within 12 months. Support will include one to one advisory support and specific products and services from the enterprise network e.g strategic leadership, marketing strategy etc.</td>
</tr>
<tr>
<td>Local Services</td>
<td>Introduced as part of the response to the 2011 evaluation, local services target businesses with potential that are below thresholds for GAS or respond to particular needs, opportunities or circumstances in the local area.</td>
<td>Workshops, advisory support and expert help.</td>
</tr>
</tbody>
</table>

Business Gateway, personal correspondence

BUSINESS GATEWAY GOVERNANCE

A range of bodies are involved in the governance of the Business Gateway service. The Business Gateway Scotland Board provides strategic leadership to the network “and has the power to make recommendations on the direction of Business Gateway” (Ekosgen 2011). However Business Gateway also works closely with Scottish Enterprise and Highlands and Islands Enterprise as delivery partners; Scottish Government and the Scottish Local Authority
Economic Development group (SLAED) as strategic partners; and a wide range of other public sector service delivery agencies including Scottish Development International (SDI) and the Scottish Government’s 3rd Sector ‘Just Enterprise’ programme.

The following table sets out the roles and responsibilities of the various organisations:

**Table 2: Roles and responsibilities of the key bodies in the current system**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Membership</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authorities</td>
<td>-</td>
<td>Day-to-day management of BG contracts and/or in-house delivery within terms of a Partnership Agreement for between Scottish Local Government, HIE and SE.</td>
</tr>
<tr>
<td>Business Gateway Scotland Board</td>
<td>COSLA, SLAED, Scottish Government, SE, HIE</td>
<td>Strategic leadership and recommendations on overall direction of BG service.</td>
</tr>
<tr>
<td>Business Gateway National Unit</td>
<td>COSLA employees</td>
<td>National responsibility for marketing, performance reporting and quality assurance; secretariat functions to BG Board; support to local authority BG managers and local contractors.</td>
</tr>
<tr>
<td>Business Gateway Operational Network</td>
<td>12 lowland Lead Local Authorities with responsibility for contract management (see Table 1) and six Highland local authorities</td>
<td>Meet monthly as a group to discuss operational matters. Refer recommendations and issues to Business Gateway Scotland Board</td>
</tr>
<tr>
<td>Business Gateway contractors’ forum</td>
<td>Contractors appointed to delivery BG services</td>
<td>Forum for contractors to share experiences and best practice</td>
</tr>
<tr>
<td>Business Gateway external stakeholders’ group</td>
<td>Includes various members of the BG Board, Scottish Chambers of Commerce, Federation of Small Businesses, Business Enterprise Scotland, Scottish Development International</td>
<td>Forum for private sector stakeholders to engage with public sector agencies involved in delivery of business support.</td>
</tr>
<tr>
<td>Scottish Local Authorities Economic Development (SLAED) Group</td>
<td>Senior officials from economic development teams across all Scottish local authorities</td>
<td>Assisting and supporting COSLA on operational and practitioner matters</td>
</tr>
<tr>
<td>Scottish Enterprise</td>
<td>-</td>
<td>Management of the Business Gateway enquiry service (Enquiry Fulfilment and Research Service – EFRS)</td>
</tr>
<tr>
<td>Scottish Government</td>
<td>-</td>
<td>Strategic direction</td>
</tr>
</tbody>
</table>

*Business Gateway, personal correspondence*

**Contracted or in-house delivery**

Business Gateway services at a local level are either delivered in-house, i.e. by staff employed directly by the local authority, by external contractors or, in the case of Fife, by an arms-length body. The following table documents what type of delivery currently takes place across Scotland. It is clear that: the majority of Business Gateway services are now delivered in-house:
### Table 3: Business Gateway Contract Areas

<table>
<thead>
<tr>
<th>BG Region</th>
<th>Lead Local Authority</th>
<th>Areas covered</th>
<th>In-House or contacted out?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen City &amp; Shire</td>
<td>Aberdeenshire Council</td>
<td>Aberdeen Council</td>
<td>Contracted – Elevator UK</td>
</tr>
<tr>
<td>Ayrshire</td>
<td>North Ayrshire Council</td>
<td>North Ayrshire Council</td>
<td>In-house</td>
</tr>
<tr>
<td>Borders</td>
<td>Scottish Borders Council</td>
<td>Borders</td>
<td>In-house</td>
</tr>
<tr>
<td>Dumfries &amp; Galloway</td>
<td>Dumfries &amp; Galloway Council</td>
<td>Dumfries &amp; Galloway Council</td>
<td>In-house</td>
</tr>
<tr>
<td>Dunbartonshrie</td>
<td>West Dunbartonshire Council</td>
<td>West Dunbartonshire Council</td>
<td>In-house</td>
</tr>
<tr>
<td>Edinburgh &amp; Lothians</td>
<td>City of Edinburgh Council</td>
<td>City of Edinburgh Council</td>
<td>In-house</td>
</tr>
<tr>
<td>Fife</td>
<td>Fife Council</td>
<td>Fife</td>
<td>Arms Length</td>
</tr>
<tr>
<td>Forth Valley</td>
<td>Falkirk Council</td>
<td>Falkirk Council</td>
<td>Falkirk - in-house</td>
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<td></td>
<td></td>
<td>Stirling Council</td>
<td>Stirling (contracted to</td>
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<td></td>
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<td>Clackmannanshire Council</td>
<td>STEP)</td>
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<tr>
<td>Glasgow</td>
<td>Glasgow City Council</td>
<td>Glasgow</td>
<td>In-house</td>
</tr>
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<td>Lanarkshire</td>
<td>North Lanarkshire Council</td>
<td>North Lanarkshire Council</td>
<td>Contracted - Lanarkshire</td>
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<td></td>
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<td>South Lanarkshire Council</td>
<td>Enterprise Services Ltd</td>
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<td>Renfrewshire</td>
<td>Renfrewshire Council</td>
<td>East Renfrewshire Council</td>
<td>Moving in-house</td>
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<td>West Renfrewshire Council</td>
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<td>Inverclyde Council</td>
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<td>Tayside</td>
<td>Dundee City Council</td>
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<td>Delivered by Highland</td>
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<td></td>
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<td>Council</td>
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<tr>
<td>Argyll and Bute</td>
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Source: COSLA, personal correspondence

### OTHER LOCAL AUTHORITY SUPPORT

As highlighted by Audit Scotland in their recent review of the enterprise agencies, much economic development activity in Scotland is actually delivered by Scotland’s 32 local authorities (Audit Scotland 2016). In 2014/15, councils directly employed over 1,400 people in ‘economic development’ and spent in the region of £228m on “mainstream economic development activities” (SLAED 2015).

Local authorities provided support, additional to Business Gateway support, to over 18,500 businesses in 2014-15 with over 28,000 interventions. Support included:
- Skills advice;
- Grants or loans;
- Land and property advice and services;
- Procurement advice;
- Recruitment assistance and wage subsidies.

The type of support provided to businesses varies between council areas “reflecting the different priorities and economic characteristics of areas” (SLAED 2015). For example, Fife provides ‘Fife Investment Fund’ grants of up to £2,000 to growing businesses in the area, as well as ‘business growth diagnostic reviews’ to eligible firms.

THE SCOTTISH GROWTH SCHEME

Announced on the 6th September 2016, the Scottish Growth Scheme will offer a combination of loans and loan guarantees to small and medium sized businesses, particularly “new and early-stage high growth potential companies, with clear export growth plans, particularly in technology-intensive sectors and businesses in emerging markets” (Scottish Government 2016c). At the time of writing (15th September 2016) there is no further detail available on the role of Scottish Enterprise and HIE in the delivery of the Scheme, or indeed when companies can start benefiting from it. Over the next few months the Scottish Government will embark on a series of discussions with business organisations about the Scheme. It will also be discussing financial practicalities with the Scottish Parliament’s Finance Committee and the UK Government (Scottish Government, personal correspondence 2016).

AUDIT SCOTLAND’S REVIEW OF SCOTLAND’S ECONOMIC DEVELOPMENT AGENCIES

Audit Scotland’s recent performance audit of Scotland’s economic development agencies concluded that Scottish Enterprise and HIE have performed well against their performance measurements, with good examples found “of the enterprise bodies working well with partners to achieve a positive impact, such as creating jobs and increasing businesses’ turnover” (Audit Scotland 2016, p.6). Account management was specifically highlighted by businesses as a highly valued service “helping them (businesses) to understand the different forms of support that were available and signposting them to other bodies” (p.43). Other benefits cited include access to expertise on products and industries, help with developing new ideas and access to networking opportunities.

Where the audit was more critical of the enterprise agencies (and the Scottish Government) was in how performance is reported by agencies. Audit Scotland concluded that it is not possible to measure the enterprise bodies’ specific contribution to the National Performance Framework indicators, or indeed to compare performance between Scottish Enterprise and Highlands and Islands Enterprise (as they use different methods of measuring impact). Audit Scotland therefore recommends common performance measures are agreed “that are clearly aligned to the NPF” (p.7).
ANNEXE 1: KEY ORGANISATIONS IN ECONOMIC DEVELOPMENT

NATIONAL

- **Scottish Development International**: promotes international trade and encourages overseas companies to invest in Scotland. It is a joint venture between the Scottish Government, SE and HIE.

- **VisitScotland**: the national tourism organisation with the purpose of maximising the economic benefit of tourism to Scotland.

- **Skills Development Scotland**: delivers careers, skills and training services in Scotland. Created in 2008, it brought together the careers, skills, training and funding services of Careers Scotland, Scottish University for Industry (learndirect scotland) and the skills intervention arms of Scottish Enterprise and Highlands & Islands Enterprise. SDS is responsible for the delivery of Modern Apprenticeships and the Employability Fund.

- **Scottish Funding Council**: the national, strategic body that is responsible for funding teaching and learning provision, research and innovation, and other activities in Scotland’s colleges, universities and higher education institutions.

- **EDAS**: the Economic Development Agency Scotland is a membership organisation for those with an interest in economic development in Scotland. EDAS runs conferences, training courses and networking events.

- **COSLA**: the Convention of Scottish Local Authorities is the representative voice of Scottish local government, lobbying on behalf of 28 of Scotland’s 32 councils. COSLA also acts as the employers’ organisation for all Scottish councils, negotiating salaries, wages and conditions of service for local government employees and addressing workforce development issues.

- **SLAED**: the Scottish Local Authorities Economic Development Group comprises senior officials from economic development teams across all 32 Scottish LAs. It is a forum for discussing and sharing experience, expertise and best practice on a number of economic development issues relevant to Scotland’s local authorities, and the Scottish economy.

- **Federation of Small Businesses**: a membership based organisation offering a range of business support services including growth advice and financial expertise.

- **The Scottish Local Government Partnership (SLGP)**: established in March 2015. This organisation was founded by and represents the four local authorities not represented by COSLA – Glasgow, Renfrewshire, South Lanarkshire and Aberdeen. These council areas represent 25% of the Scottish population.

- **Scottish Futures Trust**: The Scottish Futures Trust (SFT) is an independent company, established by the Scottish Government with a responsibility for delivering value for money across public sector infrastructure investment.

- **Strategic Forum**: involves Ministers, Scottish Government officials, SE, HIE, the Scottish Funding Council, SDS and Visit Scotland and aims to provide clear ministerial leadership on economic development and promote greater integration and collaboration between organisations. All organisations except for VisitScotland are being scrutinised as part of the Scottish Government’s summer 2016 end-to-end review of enterprise and skills agencies.
AREA-SPECIFIC

- **Scottish Enterprise**: the Scottish Government's economic development agency for lowland Scotland.

- **Highlands & Islands Enterprise**: the Scottish Government's economic and community development agency for the north and west of Scotland.

- **Local authorities**: there are 32 directly elected local authorities in Scotland which provide a range of local economic development services. The Scottish Government gave the lead for local economic development to local authorities in 2008. Local Authorities are responsible for delivery of Business Gateway services.

- **Regional Advisory Boards**: comprised of up to 18 board members, mainly from the private sector but also partner organisations, such as local authorities and the higher education sector. These help advise Scottish Enterprise on the best way to maximise the contribution of each region to Scotland’s economic growth.

- **HIE Business Panel**: Highlands and Islands businesses, community groups and social enterprises are given the opportunity to contribute to surveys which allow HIE to obtain up to date information on the economic health of the region, to shape the provision of support services in the future and ensure that public resource is continuously being targeted in the areas that will make the greatest difference in supporting the region’s economic growth.

- **Chambers of commerce**: there are 26 local Chambers of Commerce across Scotland. These offer networking opportunities, support and advice to member businesses, including legal, exporting and employment advice.


Scottish Enterprise (2016) Staff and workplace innovation will drive productivity in Scotland, says Minister. Available at: https://www.scottish-enterprise.presscentre.com/Press-


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