

## DRAFT BUDGET 2014-15

### SUBMISSION FROM WeDO SCOTLAND

WeDO Scotland appreciates the opportunity afforded by the Committee to participate in giving evidence on the draft budget 2014-15. The evidence that we provide is focused on the challenges faced by SMEs including access to finance and the help and support available to support their growth.

WeDO Scotland was established in 2008 primarily to address a perceived gap in the market for a support organisation to enable Scottish SMEs with high growth potential to achieve their aspirations. We represent and have 150 members, all of whom are business owners and founders with the majority being based in Edinburgh.

Our ethos is based upon sharing knowledge, experiences and ideas to support one another with the ultimate aim of achieving optimum levels of growth potential. The majority of our members businesses turnover is between £250,000 and £2 million and we have 28 members under the age of 30 whose businesses are early stage with high growth potential.

**What progress has the Scottish Government made in delivering its overarching purpose - focus Scottish Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth - through its spending decisions over the last two years and in relation to NPF targets and indicators?**

The economic development bodies have become more supportive of SMEs however, in our opinion, there are still considerable improvements that could and should be made. Schemes such as the High Growth Programme from Scottish Enterprise are in themselves positive, however we feel that there is a general lack of understanding about who can apply. Lack of access to this information is a key issue for many SMEs and greater clarity should be sought.

There needs to be more diligence applied to aligning Account Managers with relevant experience and expertise to high growth companies who are accepted on to the Programme. For those fortunate enough to be assigned Account Managers from relevant backgrounds, their experiences have been very positive, however this is not always the case.

The number of micro businesses in the UK is at an all-time high since the recession struck and whilst the overwhelming majority of these are sole traders, there are many smaller business employing fewer than 10 staff. Many of these businesses have the potential to grow into substantial businesses which will support the growth of the Scottish economy. Appointing a high profile small business adviser at Scottish Government level to help formulate policy on business start-ups and SMEs, push through reform and provide a regular feedback on progress achieved would be welcomed.

Schemes such as the East of Scotland Loan Fund and its' counterpart in the West have provided much needed financial support to a small number of SMEs however, as with the banks, they require personal guarantees which, for many SMEs, are quite simply untenable.

Access to funding to enable SMES to achieve their growth plans continues to be the major challenge for many. Whilst substantial budgets have been allocated to supporting these businesses, the reality is that, in many cases, a very small percentage of the funds available have been allocated. In order for these schemes to have real impact, analysis of the eligibility to apply and the subsequent decision-making process needs to be carried out. There seems little point in making funding available when it neither utilised nor adequately publicised to target audiences.

**Is the NPF an effective method of measuring performance and are sufficient resources being allocated to track progress against the targets and indicators?**

More in-depth analysis of SMEs should be carried out. There is a distinct lack of information which is too broadly based to provide a true overview of this sector. Additionally, as mentioned in our previous response, there needs to be more analysis of the funding which is apparently available yet under-utilised.

**How should resources allocated to the economy, energy and tourism portfolio in the draft 2014-15 budget be applied to support these core areas of interest and NPF targets and indicators and achieve long-term economic growth?**

There needs to be increased emphasis on supporting SMEs and more clarity of the support mechanisms on offer. To many, the myriad of resources available are not clearly promoted nor easy to understand once identified. We note with interest that there is no equivalent to Start Up Britain in Scotland. Having the right focus on SMEs with the potential to achieve considerable growth must be high on the list of priorities to aid the recovery of the Scottish economy.

More emphasis should be placed on ensuring that schemes such as the Modern Apprenticeships deliver the core skills needed by SMEs. In this digital age, the lack of education and training in core areas such as social media are not being addressed by further education nor training. In order for Scotland to achieve economic growth and be a top performing country in the UK, we need to be focusing on key skills that will drive our success.

Whilst progress has been made in enabling SMEs to bid for public sector contracts, there are definitely more improvements that can be made. A recent article in the Sunday Herald highlighted this issue in statistics supplied to them: 98.3% of Scottish businesses that are SMEs (those with up to 49 employees) are awarded only 13.5% of the total public spend in Scotland in 2010-11, and 14% in 2011-12.

We look forward to discussing our comments in more detail with the Committee.