

## ECONOMY, JOBS AND FAIR WORK COMMITTEE

### BUSINESS SUPPORT INQUIRY

#### SUBMISSION FROM Glasgow City Council

##### Business Gateway

*1. What does Business Gateway do well and where can improvements be made?*

Glasgow receives £1.29m annually as part of block grant from Scottish Government to deliver Business Gateway.

The underlying principle of Business Gateway is to provide a nationally consistent business support service offering free and impartial advice to new and growing small to medium enterprises (SMEs). It is an established and well-known brand providing both one-to-one advice and guidance, as well as workshops on a range of topics relevant to starting a business. In Glasgow, Business Gateway is delivered by Glasgow City Council in-house, having transferred the service in from Glasgow Opportunities Group in 2012.

Businesses who engage, in the main, value the service and support of Business Advisers, in particular, their knowledge of the enterprise network and how to access services and products. The relationship with Scottish Enterprise in particular is an area customer's value as Business Gateway is often the path through which businesses must go to receive additional business support.

However, having a nationally consistent service providing support locally is a challenge. There is market confusion on who businesses should engage with and frustration due to the way in which services vary from region to region. This disconnect in marketing and promoting a national brand where services locally differ causes confusion.

*2. What are your views on the quality of the following services delivered by Business Gateway:*

*(i) Online services*

Business Gateway has developed its online offer over the last five years, mainly in terms of marketing and promotion of the service. It hosts a repository of useful business information helpful to both clients and Business Advisers.

The current Business Gateway model is resource intensive, with significant amounts of staff time devoted to providing a service that may or may not lead to a new business being set-up. The lack of progress in developing a digital offer that would see webinars and online tutorials free-up Business Adviser time to concentrate on those businesses further along the business life-cycle is an area where the service can improve.

*(ii) Workshops, events and training*

Glasgow has a strong workshop programme that is well attended, of high

quality and valued by delegates. In 2017-18, 203 events were delivered in Glasgow to 1,664 attendees. It is important to note that Glasgow hosts workshops that were attended by 440 individuals who live outside the Glasgow boundary and who may set-up business elsewhere.

In addition, a strong Women In Business programme has been funded and resourced over a number of years, running regular sessions to help encourage a greater number of female entrepreneurs.

(iii) *Business adviser service*

The quality of the Business Adviser service is mixed, with the integration of core GCC staff and those seconded in from the Business Gateway service that was delivered externally. A programme of training has been completed and feedback from businesses in the main is positive. There is genuine appreciation of the experience and knowledge in accessing products and services.

3. *Has the quality of service changed over the years?*

Progressive Partnership has been conducting independent Quality Assurance of the Business Gateway service nationally since 2014. In that time the customer satisfaction levels have remained steady and consistently high. There has been no change in the quality of service and the results mirror those for the previous independent Quality Assurance work undertaken by the previous contractor from 2008. Table 1 below shows that customer satisfaction remains steady.

**Table 1: Business Gateway Key Metrics**

Service	12 Month Average	Jan - Mar 18
<b>Overall satisfaction</b> (extremely satisfied, very satisfied or satisfied)	84%	83%
<b>Service delivered met expectations</b> (met or exceeded expectations)	82%	82%
<b>Benefit the business will gain from service received</b> (all saying yes, support will be beneficial – excluding those who report it is ‘too early to say’)	87%	88%
<b>Would recommend Business Gateway</b> (definitely or probably)	86%	85%

For Glasgow, there has been a challenge in maintaining the quality and scope of service due to recruitment freezes, which has seen the Business Adviser resource reduce by a third in 18 months. This has a direct impact on the scope and level of service available to cover Scotland’s largest city.

4. *Why do some new and existing businesses choose not to use Business Gateway?*

There may be a number of reasons and perceptions that influence business engagement with Business Gateway, including:

- *Bureaucracy*

The nature of a public service, particularly when accessing additional support, is often burdensome and requires numerous forms and applications, and support often comes with conditions that businesses find difficult to understand. When dealing with public money, the pressure on local authorities and other public sector agencies to justify and evidence support is a barrier to engaging businesses who crave speed of access to services in order to allow their business to grow.

- *Relevance*

Many businesses do associate Business Gateway as an organisation that can help. The perception that it is for start-ups has, historically, affected the number of existing and growing businesses engaging. Many view Business Gateway as the vehicle through which they must go to access the wider support available through Scottish Enterprise, and therefore engagement is made reluctantly.

- *Awareness/Confusion*

Customer alignment is an issue that has been discussed for a number of years. How to ensure businesses access the right service for them given the variety of business support services across a range of public sector organisations (Scottish Enterprise, Business Gateway, local authorities, Skills Development Scotland, SDI, Jobs & Business Glasgow, Zero Waste Scotland etc.) is a challenge. Businesses often find the business support ecosystem too confusing and therefore either don't get the service they need or get turned off and disengage.

5. *Can you give the Committee examples of how Business Gateway is helping existing businesses to grow; for example - starting to export, innovate or employ more staff?*

Business Gateways only contribution to supporting businesses grow is through the knowledge of Business Advisers on the wider public sector support ecosystem. Their knowledge on accessing support through other agencies, whether it be SDI for exporting, Scottish Enterprise for innovation or local authorities who may have support for taking on staff is the only way Business Gateway can help.

This poses challenges as often Business Advisers have no control on the end outcome – the power in determining who receives support lies elsewhere, which can be problematic in providing a robust, effective business support programme. This is why Glasgow has developed a specialist advice programme, funded through ERDF, to enable businesses to access support direct from Advisers.

6. *How well have local authorities run Business Gateway services? What are your views on whether services are best delivered 'in-house' or contracted out?*

Pressures applied, and metrics used, by the National Unit to benchmark performance in local authority areas is not reflective of the impact or work carried out by business support functions, nor is it a consistent measure of economic performance.

Historical data shows that Business Gateway performance in the city has no direct correlation to economic growth. Table 2 shows ONS data for the period 2010 to 2017 in Glasgow, with Table 3 highlighting Business Gateway performance in terms of the number of new and growing SMEs in the city. Over the last 7 years, the birth of new businesses has grown year-on-year, with the level of engagement through Business Gateway declining in the city due mainly to a concentration on greater time and resource dedicated to growing businesses due to the support offered to start-up businesses elsewhere, for example, Jobs and Business Glasgow, University Incubators and Entrepreneurial Spark.

*Table 2: Economic Performance, 2010 to 2017, Glasgow*

Year	Gross Value Added (£m)	Employment rate (%) 16-64	Unemployment rate (%) 16-64	Economically inactive (%) 16-64	Births of New Enterprises
2010	16,607	61.4	12.6	29.8	2,145
2011	16,924	63.0	12.0	28.4	2,220
2012	17,520	58.6	12.3	33.2	2,300
2013	18,380	62.5	10.1	30.4	2,830
2014	19,732	64.2	9.8	28.8	2,880
2015	19,686	66.8	8.4	27.1	3,185
2016	20,371	67.5	5.9	28.3	3,290
2017	-	66.0	5.7	30.0	-

*Table 3: Business Gateway Performance, 2010 to 2017, Glasgow*

Year	Volume Start	Early Stage Growth	Growth Advisory Service	Growth Pipeline	SE Account Management	Total
2010	1,001	193	0	126	9	1,329
2011	1,001	185	0	107	15	1,308
2012	1,048	136	0	117	16	1,317
2013	937	65	75	93	8	1,178
2014	721	70	94	76	9	970
2015	557	69	70	39	10	745
2016	374	26	134	27	3	564
2017	407	0	102	26	8	543

A further issue for Business Gateway is the ability to control support interventions for clients. It has no funding and relies on support provided by local authorities, Scottish Enterprise, Skills Development Scotland and other organisations in the public and private sector. It is a pan- Scotland referral service which means the value added and quality of support and advice varies across the country.

There are arguments for both having an in-house service aligned with local economic needs, but also sub-contracted out where providers are targeted and will achieve greater numbers. For Glasgow, there is evidence of the positive alignment and integration of Business Gateway with Economic Development to deliver an ambitious economic strategy. This is in contrast with sub- contracting the service which at the time in Glasgow, yielded greater numbers but not the same level of economic impact.

**7. *What are the alternative sources of advice, funding and support available to Scotland's businesses at a local level?***

As mentioned, there are a number of alternative channels that exist in Glasgow, particularly for traditional volume start-up businesses providing local or lifestyle services. Jobs and Business Glasgow has historically supported these businesses, but the creation of Entrepreneurial Spark has seen an alternative form of business support for early stage businesses.

University incubators are also offering support to pre-start businesses, an area that in the past would have received support through Business Gateway.

However, the principle source of alternative advice, funding and support is through Scottish Enterprise (SE). There has been a shift in the way SE engage and support businesses, moving further into the traditional areas serviced by Business Gateway. With services and products provided through SDI, SIB, SMAS and the SE Innovation teams, Business Gateway has little or no control in the development or access to support.

In addition, the emergence of private sector initiatives, such as Scottish Edge, help businesses access financial support, with professional services such as lawyers and accountants increasingly developing their business support offer.

8. *Where are there gaps in business support at a local level? What could be done to fill any gaps?*

Rather than there being gaps at a local level, part of the challenge is the duplication of services and over-saturation of business support. In addition, a range of initiatives under the Scotland Can Do umbrella are emerging causing further confusion among the business community on which route is best.

There needs to be clear messaging and strong collaboration at a local level to ensure that service design of products is informed by the needs of businesses to avoid duplication, confusion and saturation. The Enterprise Review recommendations suggested closer regional working. This would be the positive way forward, however, this is yet to take place.

9. *What other business support services (beyond the Business Gateway) are provided by local authorities and how important are they to local businesses?*

There is also a challenge in differentiating the impact of Business Gateway in Glasgow due to the integration with the wider portfolio of business support provided by the Council, such as:

- The Glasgow Guarantee, a wage subsidy programme helping businesses recruit staff;
- ERDF Business Competitiveness programme, which provides access to specialist advice and guidance for growing businesses;
- West of Scotland Loan Fund/Business Loans Scotland, offering debt finance to growing businesses;
- Community Business Boost, a rent subsidy programme supporting new and existing business find space in certain parts of the city; and
- Tontine Business Accelerator, a city deal funded project providing space and support for high growth businesses.

All of these initiatives are important to the city and provide additional support that compliments, rather than duplicates, the wider enterprise network portfolio.