OFFICIAL REPORT
AITHISG OIFIGEIL

Economy, Energy and Fair Work Committee

Tuesday 13 November 2018

The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 13 November 2018

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ECONOMY, ENERGY AND FAIR WORK COMMITTEE
31st Meeting 2018, Session 5

CONVENER

*Gordon Lindhurst (Lothian) (Con)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Jackie Baillie (Dumbarton) (Lab)
*Colin Beattie (Midlothian North and Musselburgh) (SNP)
*Angela Constance (Almond Valley) (SNP)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Dean Lockhart (Mid Scotland and Fife) (Con)
*Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Lynne Cadenhead (Women's Enterprise Scotland)
Liz Cameron (Scottish Chambers of Commerce)
Jan Falconer (Dumfries and Galloway Council)
Dr Siobhán Jordan (Interface)
Matt Lancashire (Scottish Council for Development and Industry)
Susan Love (Federation of Small Businesses)
Pamela Reid (Ekosgen)
Graham Smith (Glasgow City Council)
Pamela Stevenson (Scottish Local Authorities Economic Development Group)

CLERK TO THE COMMITTEE

Alison Walker

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Economy, Energy and Fair Work Committee

Tuesday 13 November 2018

[The Convener opened the meeting at 09:45]

Decision on Taking Business in Private

The Convener (Gordon Lindhurst): Good morning and welcome to the 31st meeting in 2018 of the Economy, Energy and Fair Work Committee. I ask everyone to switch electrical devices off or to silent so that they do not interfere with proceedings.

The first item on the agenda is a decision to take items 4 and 5 in private. Are we agreed?

Members *indicated agreement.*

Business Support

09:45

The Convener: Today we have our first evidence session on our business support inquiry. I welcome our witnesses: Lynne Cadenhead, chair of Women's Enterprise Scotland; Matt Lancashire, director of policy and public affairs at the Scottish Council for Development and Industry; Susan Love, policy manager for the Federation of Small Businesses; and Liz Cameron, chief executive, Scottish Chambers of Commerce.

I will start with a fairly general question. What are your views on the effectiveness of business support provision to small and medium-sized enterprises at a local level in the decade following the transfer of business gateway to local authorities, specifically in terms of the balance between face-to-face and digital provision, specific support for rural businesses and the coverage of advisers across Scotland?

Throughout today's proceedings, anyone who wants to contribute should indicate that by raising their hand. There is, of course, no need for everyone to answer every question.

Liz Cameron (Scottish Chambers of Commerce): Let me try to dissect the four parts of your question.

I had the honour of chairing the transfer of business gateway services from Scottish Enterprise to the Convention of Scottish Local Authorities 10 years ago. Therefore, I am quite aware of some of the challenges in the early days of that transfer in terms of a lack of resources and a lack of understanding of exactly what support services were at that point.

To fast forward to today, if we did not have the business gateway model delivering what it is delivering today, we would have to look at reinventing it in some form. Scottish Enterprise and Highlands and Islands Enterprise are absolutely focused on their particular geographical areas but, at a local level, business gateway is delivering business support services. The model might not be right—I think that the committee recognises that it is time to revisit that—but it is filling a gap in the market.

In terms of the rural support in particular, I was in Moray last week and I talked to the chambers of commerce and the business gateway support service there. When we are revisiting the model, we need to consider what is happening with city alliances and other local deals that are being done, because we have to consider whether we can better integrate the support services for particular start-up and growth businesses and

ensure that there is better collaboration—I highlight growth businesses because they are quite important to the local communities that they serve.

We should take a wider view in terms of the business support service. We have a pretty strong ecosystem around business support services, but one of the problems with that is that it is very difficult for the business community to get to the right type of service and the right product to fit our growth businesses.

The Convener: What steps have been taken to work together with city deals from the point of view of business gateway support?

Liz Cameron: I do not feel as if I am competent to answer that question; that is a question for business gateway and local authorities. That said, I would have assumed—perhaps wrongly—that, where there is a strategy and action plan for the city alliances and for the other rural areas, there is collaboration and development going on as we speak in terms of the type of business support service that a local community needs. It varies from region to region.

Matt Lancashire (Scottish Council for Development and Industry): Since the transfer 10 years ago, the business gateway brand has become very strong and well-known across the business community and business sectors. That is a starting point, and it is a real positive. There has been a divergence in performance across local authorities. Evidence from our members suggests that there is a very mixed bag in terms of the support that they receive.

We have not seen any great difference between local authorities who have kept the service in-house and those who have gone for an external-provider model. Some of the key issues that I raise concern the service provision of Scottish Enterprise and the agencies compared with that of business gateway, and also whether there is an isolated approach, because there should be an alignment between what the agencies are doing and what business gateway is doing in order to provide the best support for a business. That alignment piece is critical to any new model.

Business gateway has been operating in a quite challenging fiscal period for local authorities over the past 10 years, which has placed a wee bit of a burden on the service provision that it can provide.

Liz Cameron has quite rightly touched on the fact that a lot of businesses that are supported by business gateway are early-stage businesses rather than established businesses—they are not people who have been on the block for three, four or five years. There is a lesser demand for business gateway from members that are established, and certainly from SCDI's

membership. However, that support is needed, particularly with regard to aligning with things such as the enterprise and skills review and scaling up businesses across Scotland. Maybe business gateway can play more of a direct role in that regard.

On the rural issue, there is differentiation between the provision that someone might get in Dumfries and Galloway and the provision that someone might get in the Highlands and Islands. That might be to do with the support that is offered by Highlands and Islands Enterprise, too.

The digital issue is a weakness of business gateway. A number of our members suggest that business gateway does not offer a tailored digital support service to enable their business to become digital or move on in that direction. A critical aspect of any new model is that businesses are changing and the fourth industrial revolution is upon us. What is business gateway going to do in terms of demands for support for digital services?

The Convener: Are there any other improvements to marketing and awareness of business gateway services that could be implemented?

Matt Lancashire: I touched on that issue a little bit when I said that there is a complex landscape of business support services, whether they are provided by Scottish Enterprise or business gateway. It is great that there are so many entry points but, at the same time, it does not seem like there is a one-stop shop. There should be a no-wrong-door approach to business support so that someone who enters through Scottish Enterprise might get directed to business gateway and someone who enters through business gateway might be directed somewhere else. At the moment that alignment does not seem to be coming through, from what our members suggest.

Susan Love (Federation of Small Businesses): I will make some general remarks at this point. I am sure that we will go into further detail about different aspects, such as delivering rural areas or digital support.

The first thing to say concerns the history of some of the issues that we are talking about. When we were preparing our submission, we had a look at previous inquiries into business support. We noted that one of the first inquiries of the Enterprise and Lifelong Learning Committee in 1999-2000 concerned the challenges around the complex nature and cluttered landscape of business support. From that came the recommendation that we need a one-stop shop for business support. As Liz Cameron said, if we did not have business gateway, we would ultimately end up back at a place where we say that we need to have a one-stop shop.

That finding was backed up by similar inquiries, such as one that was undertaken in Wales a few years ago, which resulted in the setting up of business Wales, and there have been similar calls about the current support structure in England. It is important to recognise the value of such a national advisory service, irrespective of who is delivering it.

The next thing is to think about the context of what has happened over those 10 years. It was particularly unfortunate that local government took over business gateway exactly at the point at which the recession hit. We all remember that, at the point at which that transition was happening, it was quite a difficult time in terms of rethinking the products and advice and services that businesses needed, because the demand completely changed and businesses went from thinking about growth to retrenchment. That is the context that we need to bear in mind when we talk about the transition.

Has the service improved or has it got worse over the past 10 years? We have just done some polling work with our members asking about business gateway because the uptake varies in different surveys over the years. Our latest survey of just under 200 businesses—hot off the press—showed that 64 per cent of our members had used business gateway services in the last two years. I am sure that our membership is probably more engaged in that regard than the wider business population is, but that is a tremendous awareness and engagement statistic for a business support service, given that we know that most businesses do not use business support. Of that 64 per cent, more than three quarters found it a helpful service, so it is worth bearing in mind that the engagement and awareness has generally improved. In all the surveys and quality assurance work that has been done by business gateway, there is a generally high satisfaction rate. From that perspective, it is a fairly solid service and the principle behind it is one that I think that most of us would agree with.

However, there are a number of aspects around how the service is delivered that we might want to reflect upon in terms of which types of business, business owner, sector or place we might support differently, how we might deliver that support, how we go about the monitoring and reporting and the setting of targets and how the service is run from a governance and accountability perspective.

Lynne Cadenhead (Women's Enterprise Scotland): Women's Enterprise Scotland has been fortunate enough to be doing quite a lot of international work recently in Europe and in terms of policy development for the G20. At the outset, I would like to say that we are incredibly fortunate in Scotland with regard to the level of support that is already available for businesses compared to other countries throughout Europe. However, as with all things, there is room for improvement.

The business survey results in the committee's briefing paper today were incredibly useful. However, I would like to highlight that there is no gender disaggregated data provided with the paper so it is very difficult for me to comment on female-specific issues from that research.

My views are broadly in line with those of everyone who has spoken. Generally, the services of business gateway are deemed to be supportive, useful and helpful, but there is a considerable level of inconsistency in terms of the type and style of support across different geographical regions. There is an issue with dependency with regard to the fact that, if you are in one area you might get one level of support and, if you are in another area, you might get a different level of support.

I can give you an example of that. A female who lived in one business gateway area and worked in another business gateway area in a part-time job wanted to set up a business. However, she was not allowed to get business gateway support in the area where she worked, which was where she wanted to set up her business, but she could not go for business gateway support in the area that she lived in because, when she was in that area, she was looking after a child. Fundamentally, she was not able to get support in a manner that was consistent and appropriate to her needs from business gateway. As a result, the business has not gone anywhere, which is really unfortunate. Those are some of the issues that need to be teased out.

We have feedback from people who say that the support that they have had from a business gateway adviser has been absolutely fantastic, and we have feedback at the other extreme, with people saying that they would not recommend business gateway to anyone because they felt discriminated against and not supported. Fundamentally, that comes down to the quality of the business adviser, and we are seeking to see some kind of accreditation or standards implemented across business gateway advisers.

10:00

Jackie Baillie (Dumbarton) (Lab): I am hearing a positive endorsement for the principle of a one-stop shop but, as Lynne Cadenhead started to tease out, there are clearly geographical differences in experience. Some would describe that as a postcode lottery. Is that a fair description of what is going on in business gateway at the moment? Are some areas perceived to be better than others?

Liz Cameron: I would say yes, and that is clearly indicated by a lot of the evidence. If we

look at business gateway as a Scotland-based service, as Lynne Cadenhead indicated, what are the quality standards? What are we trying to achieve for Scotland? All areas are very different, so what can each of our local areas and communities contribute to economic growth?

That is one of the strengths of having a business gateway-type service. It should be driven by local business opportunities and the needs of the local business community. Although there are strengths in having a national focus, that national focus must be clear about what we are trying to achieve. As you can see in the surveys, we are all quite clear about that.

In the work that we were doing through the Enterprise and Skills Strategic Board I picked up that the key performance indicators and targets are completely out of date. In the targets that we are looking at, we are playing with numbers, and that is not quality. I suggest that we have been measuring a lot of our economic performance on the wrong data. Data drives human behaviour. If I am getting paid according to how many start-up businesses I am responsible for in Lanarkshire, that is what I will go for.

We have to have some measurement, but we have inadvertently driven that in the direction of the number of start-ups and growth companies. That is where the national focus should come in. We should be asking what we want to achieve here, economically. Is it more jobs? Is it a special type of job? That will vary from area to area. We are all saying that we need to revisit what it is that we are trying to achieve. We need to revisit the KPIs, as we call them in the submission.

One suggestion in our submission is a measurement of partnership. I am talking about true partnership between the public and private sectors. We will all face reduced funding—that goes for the private sector, too. Can we look closely at that? Let us say that we are measuring workshops. In the past year, business gateway has held 25,000 workshops. That is a hell of a lot of workshops. If that is how we are measuring partnership, business gateway has done a good job. However, if we are measuring economic impact for Scotland, that is not the right measurement. It drives behaviour and, at a national level, inconsistency of approach.

We should consider and compare the services that are being provided in the local authorities that are running the contracts—in particular the Elevator programme—with the services that are provided in the local authorities that are not running the contracts. We are looking at new models now, and I am not sure whether we can take the knowledge and expertise, and the lessons learned from what is happening—particularly in Ireland—and reshape business gateway at a local level, while continuing to have a national focus, so that we do not have a postcode lottery in which, if I happen to be in Moray, I do not get the same service that I would get in Dumfries and Galloway.

Susan Love: There is a real challenge around how we think about the issue of differences in local service, and the business gateway service in particular. We want a consistent national advisory service—I think that that has been broadly agreed—but I know that, over the years, we and other organisations have said that there also needs to be an element of local flexibility in how the service is delivered.

We particularly saw that five or six years ago, when we were coming out of recession. We saw that the priorities in a local economy might differ from the national priorities set for the agencies by the Scottish Government. We need those who deliver the service to be able to respond to and support a particular business, sector or geography in a different way. If we accept that there needs to be some local flexibility, which we do, there will always be some difference.

That said, most people have said that there is a degree of inconsistency here. I agree, but I think that most of that is based on a feeling. It is feedback, or anecdotal evidence, from those who work with business gateway. From our perspective, it would be things like our FSB colleagues locally saying, similarly to what Liz Cameron mentioned, "We have a great relationship with business gateway X—it is completely engaged and willing to work with us— but the gateway next door to it refuses to do any joint events with us." It is that kind of inconsistency.

We have identified elements of what make a good service. The next issue is the extent to which the way in which we design contracts, targets and monitoring marries up with what we think makes a good service. Liz Cameron talked about willingness to engage with key partners in the local economy. That is not really incentivised at the moment. A good service would do that automatically, without the need for incentivisation, but without incentivisation that is not guaranteed.

The ultimate problem with comparing what is happening across the country is that—certainly as far as I can tell—no data is published about what is happening in individual gateways. In the past, when the stakeholder group was set up, we used to receive quarterly reports about performance by individual gateways. Even then, though, we were only given actual performance; we were not given performance against targets, so it was pretty meaningless.

Other than the responses from local authorities to this committee's inquiry, I cannot tell what is

happening at individual local authority level. I do not know whether the performance is good or bad, or whether the targets that have been set are ambitious. I cannot tell if there is a problem. It is therefore difficult to evaluate the differences between services locally. I am sure that business gateway has that information, but I am not aware of its existence in the public domain.

Matt Lancashire: I will try to keep my answer brief. SCDI members recognise that there is an inevitable consequence of devolving responsibility to local authorities with different local economic priorities and needs. However, we are saying that there is value in doing that, because it means that you can tailor your service to those local economic challenges.

There is a need to tailor economic measurements in Dumfries and Galloway, for example, to the economy of that area rather than to the economies in central belt areas. The infrastructure for economic growth in areas such as Dumfries and Galloway is very different, as are the ambitions and targets that should be set for those areas. Although the service needs to be tailored locally, there should also be a consistent national approach.

What would inevitably stop that is the funding packages for business gateway in local authority areas. To an extent, we have had 10 years of local authority austerity. That is going to have an impact, not just on business gateway but on other business support services in a region or area. You can run a good service only if the cash going into it allows you to innovate, expand and make new service provision available. That is a critical element to focus on.

There was a survey saying that about 80 per cent of businesses that had gone through the business gateway service were happy and satisfied with the service that they had received, which is fantastic and a really high result. I would say go for 100 per cent if you can, but that is me. We need to break those figures down, though, and look at what type of businesses are saying, "We're getting a fantastic service." The critical element to ensure that the Scottish economy grows is not just business start-ups but the scale-up of businesses that have a real opportunity to export and trade. We have to put some focus on business gateway to make a more sustainable economy.

Jackie Baillie: Other colleagues will be picking up issues such as data and targets; we are mindful of your comments about the lack of published data.

I want to pick up on one of Matt Lancashire's comments, which was about the money. I was always taught that you should follow the money.

There seem to be quite distinct variations between local authorities. Is that a problem?

Susan Love: We do not know. I cannot see readily available data on how much local authorities are due to spend on the service and how much is actually spent on it.

Liz Cameron: The other issue is whether the money is being ring fenced for that service. We advocated a while back that it should be ring fenced but, for whatever reason, the decision was taken not to do so.

It goes wider than Susan Love described. You asked about funding and what the future model could look like—I assume that the committee will make some key recommendations. I do not think that we should do what we are doing in isolation. For instance Scottish Enterprise and Highland and Islands Enterprise are going through massive change as we speak. We need to understand what that change is, and whether it is processed change or culture change. My understanding is that it is a bit of both.

We also need to revisit what the role of the business gateway organisations could be. We are focusing on start-ups, but business gateway, Scottish Enterprise and Highlands and Islands Enterprise also focus on growth companies, as will the new south of Scotland enterprise agency. That is duplication for business. I do not like the word signposting, but if I am a growing company, do I go into business gateway? Will it then direct me to Scottish Enterprise or someone else? A discussion needs to take place about who, ideally, will focus on the local delivery element, whether that is start-ups or growth. We are seeing changes there. Business gateway was not part of the enterprise and skills review, which may have been a missed opportunity.

I reassure the committee that we discussed business gateway in some depth. We cannot carry out a review and make recommendations for change without recognising the role of the business gateway structure and organisation. If there is a pot of money, we should look not at what we have got now but at what we are doing with the rest of the budget and whether that should be reproportioned. I do not know because, like Susan Love, I have no idea how much has been spent on business gateway in local authority areas.

Susan Love: Liz Cameron is absolutely right. Although we are talking about support delivered locally and, specifically, business gateway, we cannot look at the business support landscape by looking just at gateway. I think that three of us sat on the enterprise and skills review group. The core view among everybody representing business was that business support has to be more focused on

users' experience. The users do not care whether it is Scottish Enterprise, business gateway or Skills Development Scotland. Ultimately, we need a vision where, in time, although there would still be some one-to-one support, most of our support would be delivered online, and it would not matter which agency or organisation was doing it.

I pick up on Liz Cameron's point about the growth business issue, which Matt Lancashire also spoke about. According to statistics on start-ups in Scotland, our business birth rate is not great. Despite everything that is being done, it is not where it should be. Compared to elsewhere in the United Kingdom, Scotland will be more reliant on jobs from start-up businesses than jobs from existing businesses. We cannot take our eye off the ball in terms of start-ups because that is where our high-growth businesses will come from.

There has been an increase in the number of businesses over the past 10 or 15 years, and we can get a bit complacent about that, but there are serious questions to ask about the start-up business rate that we want and who will support it. The number of start-ups assisted by business gateway has remained much the same over that period, despite a big increase in the number of businesses. That might be because gateway has had the same amount of resources, so it could not possibly have helped any more businesses. If the number of businesses has increased substantially and the resources to business gateway for start-ups have not, there seems to be a mismatch. You are right that there has been a focus on the need for more scale-ups because of the disproportionate impact that some businesses have.

10:15

Part of the reason why business gateway has focused on growth businesses over the years is because, for quite a long time, it was our impression that Scottish Enterprise was not particularly interested in most local businesses and their aspiration to grow. Business gateway filled that space by being interested in local economies and local businesses. It appreciated how important some businesses were to a local economy and was able to nurture them through the pipeline.

There is a reason why gateway began helping existing businesses to grow. Longer term, though, we probably need to think about the journey and how we will ultimately deliver joined-up support to businesses.

Matt Lancashire: As I said in my initial remarks, there is a complex landscape in which people can get support and services for different aspects of their business, whether they want to improve or sustain and maintain their business. That is simple. The clue is in the title: business gateway. If you walk into a business gateway, it should be a single point that can triage you to support, whether that is from SE, the agencies, SDS or elsewhere. If we are going to continuously improve the service moving forward—because that is what it is about—maybe that is the key aspect. Business gateway can act as a gateway. Whether it offers that support itself or passes people on to SDS or SE does not matter; it just matters that, as Susan Love has rightly said, the business and the user get support. Maybe that is the improvement.

Jackie Baillie: I see that Lynne Cadenhead is nodding her head.

Lynne Cadenhead: I would echo that—it is really important that the absolute focus is on the user. The user does not care where the support comes from—they need the right person for the job of giving them the right support.

I would also comment on start-ups. If we want more scale-ups, we need more start-ups. It is quite a simple approach to understand. Where we do need more support is in the missing middle. When companies start up, they may get support for a couple of years. If, during that period, they have not accelerated to the level of high-growth support, they end up going into the missing middle and getting nothing. They are really lost and feel quite abandoned.

Considerable gains can be made by focusing on nurturing the missing middle. When you are an entrepreneur and you start a business, the difficult time comes after about two, three or four years. The initial excitement of starting the business has waned and you are deep into tough times. That is when businesses need additional specific support and, in particular, leadership support.

Andy Wightman (Lothian) (Green): I want to explore the need for more consistency across the country. You have all mentioned that the local focus is important, and I think that it has been there from the very beginning, but the responsibility for quality assurance and marketing performance was transferred from Scottish Enterprise to COSLA in 2009. I note from the information that we have that, although the business gateway national unit is responsible for performance monitoring, targets and so on, none of the reporting or information on regional performance is in the public domain. What are the key elements of securing more consistency so that there is a minimum level of expectation as to what business gateway can deliver, regardless of where people are in Scotland?

The Convener: There is silence.

Andy Wightman: For example, do you think that the information on performance should be in the public domain?

Susan Love: We have commented extensively that, despite a lot of criticism over the years, there is not the amount of transparency around the service that we want. Information is not routinely published about performance by individual areas against contract, and there is not information on why and how targets in certain areas are constructed in the way that they are. It might be absolutely fine; we just do not know, because we do not see that information. I understand that the local authorities are concerned about unfair or uninformed comparisons, but I still feel that it would be better overall to publish more data.

On securing more consistency, in some sense the data that is gathered, albeit that it is not all published, is intended to provide that information about consistency in terms of the number and type of events, the qualifications of the advisers and the number of assists. The contracts are supposed to be structured to deliver performance indicators to ensure a consistent level of service.

For me, there are several questions. Are those delivering the things that we want to be delivered consistently across the country? It feels as if some of the evidence is more about the quality of the service. We are probably collecting data on the numbers game, albeit that we are not publishing it, but that is less true of the quality aspect. That might be about not just whether the advisers have a qualification, but how experienced they are over and above that. How much do they engage with the local business community and other stakeholders and agencies? Can we evidence that joint working and where we have attempted to do more? Can we evidence innovation in how we deliver business support locally? In fairness, we have not asked for that information, but it would help us. If we gathered and published it, we would have a better sense of whether there was consistency.

The issue of how we can get the right data and information to ensure consistency is one that Liz Cameron picked up on. It is about whether the current requirements on the gathering of data and reporting on it are driving behaviour that militates against quality. We all know that the need to meet lots of criteria in the contract and targets drives performance and people getting numbers through the door. All the evidence from businesses through the enterprise and skills review was about the need for more tailored support and more time for businesses to talk through what they want to do. Similarly, I suspect that a lot of the business advisers will say, "This isn't necessarily the type of support that I want to be giving to businesses, but we have to get the numbers up this quarter."

For me, it is about whether we are asking for the right data and measurements in contracts. We definitely need more transparency in what is published, and we might need to think about how we construct the contracts and what incentivises delivery of them.

Matt Lancashire: I would echo a lot of what Susan Love has said. Targets can drive perverse behaviour as people may think, "We've got to achieve this target and get so many people through the door", but they do not get the support and the offering that they deserve. I am not saying that that happens, but it can happen when stringent targets are set across a number of business gateways.

There has to be transparency. The data should be reported as part of a continuous improvement exercise—it is as simple as that. We have to look at the data in order to determine where we can improve the service. That is what any business would do. In a sense, how do we know how to move forward if we do not know what the data is telling us? That is just logical.

There is a suggestion that our SME members are frustrated by overly bureaucratic processes and the inflexible products that business gateways sometimes offer. If we do not have the data, we cannot readily see that. There is an opinion that, rather than business gateways informing businesses about the products that they need, they will try to sell businesses products that they do not necessarily want. Is that driven by a target-mode approach? I am not sure, but we have had that feedback.

Picking up on Susan Love's point again, I note that we need business gateways to offer tailored support and speed of access, which is critical for businesses to succeed. If we start to measure targets in that respect, we can offer a continuous improvement of the service. That is not there at present because we cannot see the data and where we need to improve.

Lynne Cadenhead: Most of what needs to be said about the data has already been said, but another specific issue is the terminologies that are used. For example, business gateways might track women-owned businesses—that is, businesses that have been started up by female entrepreneurs—while others might track women-led businesses. Scottish Enterprise, in relation to its account managed companies, talks about statistics for companies where the primary contact is a woman. I do not know what that means, because the primary contact in a business could be the chief executive, a personal assistant or the head of marketing. We need consistency in the definitions of what is being tracked and measured across the enterprise support system.

Liz Cameron: There is also an issue about having one place to hold the data. We acknowledge that there needs to be a revision in relation to the data and what we are measuring. Work is going on as we speak to revisit that with all the public sector agencies, and I understand that discussions are going on between the agencies and COSLA or business gateway—I am not sure which—about using technology to create one place to hold the data. Whether a business goes to business gateway or another agency, the data should be shared. A business that goes to business gateway should not have to complete five documents and then go to Scottish Enterprise or elsewhere and create another five documents about their business. Work is going on to try to bring that together, but it is still early days.

I understand that business gateway has regional data but, like Susan Love and others round the table, I have not seen it. Have I gone to seek it? The answer is no. Some of it is online, but that is not good enough for the business community and for others that we spend public money on. We need to be clear about what we are spending funds on, where they go and what impact they have on our economy.

Andy Wightman: Thank you. Liz, in your evidence, you appear to be quite critical of the extent to which there is an incoherent approach to how different business support services are accessed and the perception that business gateway is the only place to go to for some support. Will you elaborate on that, particularly in relation to the support that is provided by the private sector?

Liz Cameron: We conducted some quite detailed research with individual chambers and their memberships in preparation for our evidence to the committee. At the beginning, I mentioned 25,000 workshops taking place. Is that the best use of public sector support services? A lot of the workshops are available through the private sector, so there is a level of potential duplication of service, in our opinion. That brings me to the partnership element for businesses—especially start-ups and those that are moving into the next level of their growth. However, at times, it may be that business gateway and others should pull back from providing some of that service and/or work in partnership with local private sector players. If services are available, why are we delivering them through business gateway?

Andy Wightman: Are there good examples of that happening in some parts of the country?

Liz Cameron: Do you mean positive partnerships?

Andy Wightman: Yes.

Liz Cameron: Yes. There are good examples in Aberdeen, where they do a lot of the work through Elevator, and in Tayside and Lanarkshire. We talked about people making things happen. Some chambers of commerce are co-locating with their local business gateway, which is creating strong partnerships through which we can lever the public sector and private sector support. That could be a model for the development of the service.

It is about local delivery. We now have some pilots on local export partnerships, where local authorities, Scottish Development International, chambers of commerce and a lot of the organisations that are round the table today are working together on local economic development plans. They are focusing in particular on the business need and the expertise in the area, and they are utilising and levering in private sector support. It is there to be levered. We should perhaps stop and take stock of the role of public sector business support services. There absolutely is a role there, but let us look at how the public and private sectors can work together and complement each other.

10:30

Susan Love: On the point about access to business gateway, Matt Lancashire mentioned its role as a gateway. I suppose we feel that that aspect has been envisaged over the past 10 years but has not been borne out in practice. It is mostly not business gateway's fault, but there has not been a commitment to business gateway being used as the access point for businesses that are seeking support.

From our perspective, there are two or three main reasons for that. First, the things that businesses seek support on have mushroomed. What we want and demand from businesses has really grown in the past 10 years. We now place all kinds of expectations on small firms. We want them to become more innovative and productive, to export more, to be more resource efficient and operate sustainably, to look after the wellbeing of their workforce and to become more digital and cybersecure. We want businesses to do a range of things over and above just starting and growing.

A lot more support has grown to service the needs of smaller businesses, but unfortunately that has meant even more support being corralled into our business support service landscape. We have not necessarily always thought about how those other services will interact and work with business gateway. We expect it to be able to be the gateway and the signposter to those services without always thinking through whether we have the right processes to enable that and are giving business gateway the resources to do it.

Secondly, I have not seen a commitment from other parts of the public sector to support business gateway as a gateway. Most agencies have been preoccupied with their own brands and programmes and with selling themselves, rather than thinking first about whether it would be better to deliver them in collaboration with business gateway, which should be the best route for businesses to access them. The Scottish Government has not helped with that by funding a lot of additional programmes, activity, websites and communications when it should have been standing up for business gateway first and asking, "Can we deliver this service through business gateway?" That should be the primary route before it thinks about developing other websites and marketing campaigns for initiatives.

John Mason (Glasgow Shettleston) (SNP): I will continue with some of the stuff that Jackie Baillie and Andy Wightman have been asking about. After listening to the answers, I have ended up feeling a bit confused about targets and performance. Liz Cameron talked about playing with numbers. If I understood her correctly, if we just focus on the numbers, we will inevitably get inconsistency, but if we do not have the numbers, I do not see how we can measure all this.

Yesterday, some of us were out in Lanarkshire. It was a very interesting visit. The business gateway service in Lanarkshire has a contract with the two councils that includes some quite specific figures. It has to do something like 1,100 start-ups plus 500 growth companies. Out of the start-ups, 20 per cent become growth companies. That all seemed clear. It had a bit of leeway, from what I understood, but it also had specific targets.

Glasgow City Council's written submission has a table on business gateway performance that includes a column called "volume start". The figures drop from 1,001 in 2010 to 407 in 2017. A representative from Glasgow will be on the next panel and I will be speaking to them then, but the submission seems to be saying that that is not a good way of measuring things. In fact, it says:

"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."

It strikes me as bizarre for Glasgow to say that, if it was not providing the service, there would be greater numbers elsewhere but those numbers would not matter. Can any of you give me any clarity on that?

Susan Love: A theme in what we are saying about all the data and the statistics that are available is that it is not clear to people what the data that we currently gather is telling us and how that informs the decisions that we make about what we ask business gateway services to do and

how much money we give them to do it. I do not see a clear rationale in relation to what it is we want to achieve, what the statistics are telling us and where we should target our resources.

John Mason: Should we not be asking for data, or should we be asking for different data?

Susan Love: A question that I have—and I do not know the answer to this—is specifically in relation to the Glasgow example. The Scottish local authorities economic development group publishes the economic indicators report every year, which gives a very broad overview of economic development in councils across the country. One of the indicators used is the business gateway start-ups figure. When you read through the most recent one and look at the graph of the different local authorities, what jumps out at you is that the Glasgow figure looks to have almost halved over the space of three years. However, we know that the number of businesses in Glasgow has increased dramatically in recent years, more than anywhere else.

The question arising from that data is this: what is it telling us? I do not know the story behind it. Has the council made a conscious decision to put less resource into start-ups because it thinks that there are many more start-ups happening anyway in Glasgow and therefore the resource might be better spent in other areas of the business gateway service or elsewhere, or is it not doing a good job? Is there a reason why the number of start-ups has dramatically reduced?

What I am saying is that we are producing data but I do not understand what it is telling us and what it might mean in relation to what Glasgow does next. What is Glasgow doing this year?

John Mason: I will pass on your question, with my question, to the representative from Glasgow in the next panel.

I am more confused now. We could argue that we need more inconsistency, because the situation in Glasgow is so different from elsewhere that we are just going to do completely different things, yet if we are trying to do something nationally—as this committee is and some of your organisations are—we are trying to get consistency and we are trying to get the same information from different areas.

Matt Lancashire: The point in the submission that you quoted about the arguments for having an in-house service or an external one seems a bit like a quantity or quality approach, and it is both that we desire. We want a quality service that delivers to a lot of businesses—this goes back to why the statistics and data need to be published. There is a reason why private providers are driving increased numbers through the door in comparison with local providers. We need to

understand what that reason is, through looking at the data and through conversations with them.

At the same time, if there is a thought, which has come out in some of the evidence that we have given today, that sometimes there is a poor service or a poorer type of service happening, or a lack of quality either from private providers or from local authority providers of business gateway services, we need to understand why that is happening. In addition, we need to know about best practice examples from business gateways and external providers, and we need to understand those. I think that this is a quality and quantity discussion.

John Mason: Are you saying that we can live with both—that we are looking for both quantity and quality?

Matt Lancashire: We want businesses to access business gateway—there is absolutely no doubt about that. The service that it offers is positive; we have all said that. We want a higher number of businesses to access it, but we want to ensure that the quality of what is being offered increases and continuously improves and moves with the times towards that digital approach. I am not necessarily saying that we can live with both, but it is about finding the best in what each is doing and bringing that best practice together so that we can develop the service.

John Mason: When Governments try to improve things, the tendency is to measure success based on the numbers—on the quantity. We do that in the health service and we do that elsewhere. It is harder to measure the quality.

Matt Lancashire: I agree, and that is why I think—to go back to the point that Liz Cameron, Susan Love and I have all made—there needs to be a measurement of the quality of support. We need a KPI to measure whether it is a quality support service. It is difficult to do but not unachievable. Certainly, in other Government contracts, they do not focus on the numbers, they focus on that quality support. If you look at employability and skills contracts in particular, they do not just focus on the number of people going through the door, they also focus on the quality of service that each individual is getting. We can apply the same principle to business gateway.

John Mason: When we went to Lanarkshire yesterday, one of the interesting comments was that as they got more women advisers in their team, they were getting more women coming to them seeking advice. The suggestion seemed to be that some women found it easier to discuss their business with other women. Should we be setting specific targets and should performance be measured in relation to how many businesses are led by women, how many start-ups are led by women, and how much growth is led by women? Would you be arguing for that side of things?

Lynne Cadenhead: Absolutely, because from the information that is available already, we know that there is a 50:50 balance of female-led and male-led businesses coming into business gateway. That drops down to about 22 per cent of female-led businesses as they move through the growth pipeline. When you go on to Scottish Enterprise account managed services, the number of businesses that are led by females is 3.4 per cent. We need more information around this data to be able to continually prove this and see where the issues are in terms of people dropping off.

There are some really great examples of female-focused support programmes. For example, the initiative that is run by Edinburgh business gateway is absolutely tremendous. You can see the impact of that coming through in the results, with the figures for female-led businesses that are setting up in Edinburgh being better than in many other areas. The female-specific support is very important for females at the start of the journey.

There is also research that shows that if a person gets bad advice when they come along to an adviser—not necessarily just a business gateway adviser—on their first visit, it can put the person off starting a business for up to 10 years, which is quite incredible. This is why the quality of the very first intervention for anyone starting up a business is really important. Females approach their businesses and setting up their businesses quite differently. They need gender-specific support to help them on that process.

John Mason: That might suggest that you feel that somebody nationally—maybe us or the Government—should be telling business gateway much more specifically, "You must do this, that and the next thing," to try to get better consistency, to try to make sure that enough women are coming through the system and so on. Is that the argument that you would put?

Lynne Cadenhead: Yes. I would advocate for a national head of women in business for business gateway. I think that it is really important to have somebody leading on that, setting that policy throughout and then feeding it out regionally.

Liz Cameron: We operate a mentoring programme and have been doing so for a number of years. Currently, 42 per cent of the businesses that are being mentored are female led. We give them the option of a female mentor or a male mentor. Some prefer females, for a variety of reasons; some do not. We need to be cautious about what we are trying to slot people into.

That mentoring programme is available; we also have a specific women's mentoring programme.

Over the past 12 months, we have put 250 women through that, as have other organisations. We also have the Government's women's action plan group. There are over 17 organisations representing women on that group, from funding and investment to support. Professor Sara Carter has been looking at whether we should have a national advisory unit looking at gender-specific business support. Work has already started on that and perhaps that is a recommendation you want to look at in terms of what we are doing in that space.

Other gender-specific research is being done on business leaders and business owners. Lynne Cadenhead is absolutely right about that growth pipeline, but it is also quite clear that people say, "Women do not have X, Y and Z." I have also heard it said that we are risk averse. It is not that we are risk averse; we are debt averse in some cases. Therefore, a lot of females who start up businesses are underresourced from day 1. That issue should be looked at in relation to the business support advisory service. There are wider implications beyond focusing just on gender.

The Convener: I am conscious that time is limited, but the point could be developed further. Could our witnesses think about writing to the committee to follow up on anything that we do not have the time to deal with now? The committee would be interested to hear more.

Members have a couple of brief follow-up questions.

10:45

Dean Lockhart (Mid Scotland and Fife) (Con): Thank you, convener, and thanks to the panel for coming in today. I have a couple of questions that I will ask together, and the panel can respond as they see fit.

The first is on funding. According to the latest figures, the total amount of start-up investment across Scotland by business gateway last year was £12.6 million. The entire enterprise budget is about £500 million, so does the panel think that the balance is right between investing in start-ups and investing elsewhere?

My second question is on digital support and the importance of helping start-ups and other companies to develop e-commerce platforms. Given the complexities and the specialist skills that are required, is it realistic to expect business gateway to provide such services, or should we look to another body to provide specialist e-commerce services?

Susan Love: I will try to keep my answer brief. First, is that the right amount of money to spend on start-ups? I do not know without there being a more detailed evaluation of what we want business gateway to do. A decision needs to be made about whether we are happy with the number of start-up assists. Should we ask for more, because we need more start-ups, or ask for fewer, because there are other players in the market offering online advice? I genuinely do not know. We would need to evaluate that and look at the money that we spend on business support in the round.

The second question was about digital start-ups. One of the points that we have been making over the past few years is that although we are investing a lot of money in digital infrastructure, the available evidence suggests that businesses do not have the digital skills to capitalise on that infrastructure investment. Most businesses say that digital skills are very important to them, but only two fifths feel that they have staff who have the skills to capitalise. The digital boost programme is being delivered through business gateway: it has been evaluated as doing fairly well, as far as I am aware.

We have been quite slow to think about the opportunities according to business sector. The UK is the biggest e-commerce user in the world, as far as I am aware, but we have not really recognised that as an area in which business growth could be supported with the specific skills are needed.

Lynne Cadenhead: I agree with Susan Love. We cannot, without more information, say specifically whether £12.6 million out of £500 million is appropriate.

Tailored digital support is really important, particularly in rural areas. We need to think about all the different activities that are involved in that. It is also important for people realise that although being an entrepreneur is incredibly challenging and rewarding, it can also be a very lonely journey at points. Peer-to-peer support and face-to-face interaction from networks of people in the local and further areas are really important. It cannot be one or the other—a blend of both supports is needed.

Liz Cameron: I will be brief. I agree with all the comments on the first question, but I emphasise that we are talking about business gateway and start-ups. My understanding is that business gateways vary across the country: they do start-ups, they do mentoring, they do training workshops, they deal with growth companies and they are now venturing into international support. There is a misconception that business gateway is for business start-ups, but it has grown and developed into those other areas. Whether that is the right decision is for others to review. The answer would depend on how much the investment was worth and what impact it has had.

Dean Lockhart's second question was on digital support. We need to revisit dramatically the whole digital strategy for Scotland because it is not good enough and digital skills are not fully understood. We all talk about digital skills, but half of us do not even know what we are talking about, because the skills are at various levels.

There is the e-commerce skills base to consider. Scotland is way behind in use of e-commerce for trading internationally. Given our geography and our international connectivity, e-commerce should be being focused on much more than is the case right now.

We have been talking about training, but we also need further investment in infrastructure. In some parts of Scotland we can send people on digital boost courses until whenever, but they do not have the infrastructure, so we are wasting their time.

Gordon MacDonald (Edinburgh Pentlands) (SNP): I have a follow-up to John Mason's questions to Susan Love. You said that business gateway funding in Glasgow may have been used elsewhere—you could not say why the start-ups graph showed a reduction in Glasgow. Earlier, you mentioned the fact that the Scottish Government is supporting business with other funding streams. Should ring fencing be reintroduced in councils, bearing it in mind that the majority of business gateways have been taken in-house by councils?

Susan Love: Absolutely. Business gateway is a national service: we think that if a certain amount of money is given to local authorities to deliver the service, then sure—it should be ring-fenced. I do not know whether it is all being used for business gateway—it might all be being spent on that. I just do not know.

Liz Cameron: Another question on that is about how much, if anything, are additional economic development services contributing to business gateway services. Money flows from one budget to another, so I do not know the answer to that question.

Susan Love: We have not gone into this today, so I am happy to follow up on it, but it is worth bearing in mind all the work that councils' economic development departments do to support businesses over and above business gateway. We know from the SLAED indicators that there are about 15,000 such businesses. That could be done through property, through employability advice, through procurement support, through provision of premises and through finance advice. There is a range of other things that councils deliver.

We should consider the real squeeze not just of the funding of business gateway, but of wider economic development departments; we know

that some areas have really tiny economic development departments that have to do all that and deliver the business gateway contract. That should be explored when we are thinking about issues of inconsistency.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I think that I can take from what the panel has been saying that there are concerns about measurements. There are various ways that the service is delivered across Scotland; it is not consistent. How is that monitored and evaluated? Who does that?

Liz Cameron: Are you asking us what our view is?

Colin Beattie: I am asking a general question about who monitors the situation. The follow-up question will be to ask whether it is adequate.

Liz Cameron: There are differing levels of local monitoring and evaluation. I assume that if it is done by a local authority, it has a department that is contracted to do X, Y and Z. If I were a head of economic development, I would want to know what economic impact business gateway was having in my area. I do not know whether that is done, but in an ideal world it should be.

To oversee it all at national level, there should be national evaluation being done across all the support services. We used to have a group of partners doing that, but as things evolved it ceased to exist.

Susan Love: Yes.

Liz Cameron: There needs to be monitoring and evaluation done and it needs to be independent of the service. If the funding is coming from the Scottish Government, it should be the Scottish Government that evaluates and monitors. I also would recommend that customers be part of evaluation and that monitoring.

Colin Beattie: What you are saying brings into question the governance of business gateway. Is the current governance appropriate? Should it be done through the Convention of Scottish Local Authorities? You said that the Scottish Government should be more involved. Does that mean that you think that what is happening now is inadequate?

Liz Cameron: I think that the situation is less transparent than it could be. At the end of the day, COSLA is the representative body of the local authorities, so there is obviously a monitoring and reporting relationship. Is it truly independent and as transparent as it could be? Perhaps it is not.

Matt Lancashire: That is a tough question—and a good question. Obviously, COSLA plays a role in monitoring the services. That is positive because it enables us to get decent feedback on

how the service is progressing and where it could progress further.

A more interesting question is how we envelope what has come out of the enterprise and skills review around alignment and interagency collaboration, and how we weave that into business gateway and then monitor the success of the service. I am unsure whether it should be COSLA together with others monitoring the service, going forward.

Essentially, the ESR said that to improve business gateway we need interagency collaboration—we need X, Y and Z to happen. If just COSLA monitors business gateway, I am not sure how we could get that interagency collaboration. Maybe there is a role for other agencies in supporting that activity to align the services of our agencies, business gateway, COSLA and local authorities to ensure the right tailored support for businesses. I have probably not answered the question; I think that I am trying to say that in the future other agencies should be involved in monitoring.

Colin Beattie: Are you saying that business gateway has become somewhat isolated by being taken into councils?

Matt Lancashire: Business gateway is isolated in terms of its ability to align and engage with other service provision. If we could achieve that, we would create greater value for the businesses that go through it. With that comes greater productivity and greater economic growth.

Susan Love: On evaluation, there is obviously monitoring data that is collected by COSLA. I do not have any issues with that: the data that is gathered by the company that is contracted to do it seems to be fairly consistent in terms of the satisfaction and delivery rates that it suggests. As we have mentioned earlier, there is not, however, a lot of external publishing of what is achieved against targets.

The more troubling thing for me around governance is the involvement by, and input from, stakeholders and partners in development of contracts. We have been involved in the past, but I do not know what external contributors there are to the targets and focus for the gateway contract. I have no idea. The FSB has not been asked to contribute, so I am concerned about the opportunity for others to input to the design of the service, the targets and priorities, how it is evaluated and to whom it is accountable.

On governance, we have commented quite a lot on the involvement of stakeholders and users of the national service, which we do not think is remotely good enough at the moment. Business gateway is a national service that the Scottish Government funds. One of the ultimate questions that has come up consistently about delivery is this: if we believe that there is inconsistency and that we are not, in an area, getting the service that we think we should be getting, who do I go to about that? Who do I speak to in COSLA? What will it do? What is the Scottish Government going to do? Is the local authority going to something? The sanctions for failure to meet contract are completely unclear to me. That is a problem in the accountability structure for business gateway.

Lastly, the point that Matt Lancashire made is absolutely fundamental. The critical services that local government delivers for business growth and support should be integrated into the broader view of how we want to improve support for the economy. The sensitivities around bringing local government in have made it difficult for local government always to be considered alongside the agencies. As Liz Cameron said at the start, that has been a stumbling block throughout the enterprise and skills review; it still is, to a certain extent.

If we cannot overcome the issues about local government being brought into the national approach in terms of, for example, the work that the analytical unit that has been set up by the strategic board is doing, we will never have the seamless service that we want for businesses. We have to find a way to get local and national leaders to share a commitment to working together to provide the service for business.

Lynne Cadenhead: I would be interested in a qualitative assessment of the advisers and the advice that they give. Again, we see discrepancies: one person gets one set of advice, while someone else gets another. There should be standards set that advisers must adhere to, and there should be annual reviews. All advisers need to be trained in gender-aware business support and there should obviously be an opportunity for the customer and the business adviser to freely give 360° feedback. Sometimes we hear stories about users not being satisfied with the advice that they have been given and being reluctant to tell anyone that they are not satisfied, in case they get no further support. There needs to be an independent way for both sides to give free and frank feedback.

11:00

Angela Constance (Almond Valley) (SNP): I am very conscious that we are pressed for time. I had wanted to ask all the panel members to consider how the approach to mainstreaming equalities could be improved and made more sustainable, but perhaps that can be followed up in correspondence.

I want to ask the FSB and Women's Enterprise Scotland a few things. Ms Love, in your written evidence you spoke about how more consideration needs to be given to how the current business support landscape reaches underrepresented groups, whether that is women, people from black and minority ethnic communities or those from areas of deprivation. I would add people with disabilities to that.

Will you say a bit more about that and your suggestion that women require different products and support services and that we should not be churning out the same old, same old and targeting services that perhaps are not gender aware? Does more thought need to be given to other underrepresented groups as well?

Susan Love: In our written submission, we highlighted that, although I am sure that there are some areas where consideration of those groups is a priority and is something that people think about, we do not generally hear it spoken about in terms of what we ask business gateway to do. If we want an inclusive growth strategy, that might mean that we need different priorities, rather than just prioritising any volume of start-up or pipeline business. Such prioritising might not be driving the type of inclusive economy that we want for an area, and we might want to focus on more businesses in a particular geographic bit of our patch where we know that there is not enough economic activity and that not enough businesses are being started.

About 15 years ago, we used to hear people speak a lot more about action to encourage entrepreneurship among those in less affluent areas. We do not hear it spoken about that much now, despite the fact that we know that if someone has fewer assets, they are less likely to start a business. That does not seem right to me if we want to encourage more business start-ups, and it is something that we should think about.

As far as we are aware—and someone will correct me if I am wrong—there is only one gateway in the country that has an adviser specifically looking at black and minority ethnic entrepreneurs. Maybe I am wrong, but we might want to focus more on that, as well.

In the past, we might have wanted to mainstream all that advice and have every business adviser able and informed enough to deliver it to any type of business owner who walked through the door. I suppose that our view has changed, in as much as we perhaps need to segment what we do a bit better if we want to target these groups.

As Lynne Cadenhead was talking about earlier—Liz Cameron mentioned it too—we know that women start businesses at different ages, with different experience and in different sectors, and that they are less capitalised. That might mean that our standard start-up advice and product will not work as effectively for that group of business owners. We are now starting to think that we need different products and advice if we want to prioritise the different groups that are currently underrepresented among our business owners.

Angela Constance: Before I ask Ms Cadenhead to add to that, I want to confirm some factual information that Women's Enterprise Scotland provided. In your evidence, you said:

"If women started up in business at the same rate as men, the economy would be boosted by a further £7.6bn."

Is that gross value added, is that per annum and is that based on the work of Professor Sara Carter?

Lynne Cadenhead: Yes.

Angela Constance: Good.

Will you say more about why women are less likely than men to get the support for their ideas and how we might overcome the barriers that lifestyle businesses face? How would a national policy-driven approach for women-led businesses help, and what would that look like?

Lynne Cadenhead: There is no one specific reason for why women start up businesses at a different rate from men, but fundamentally it comes down to what we talked about before. Is it approach to risk? We have heard that women may be considered debt averse, but they are not risk averse. They have advanced risk awareness. That translates into prudence, in terms of their projections, which can sometimes be seen by people who are assessing their proposals as a lack of ambition. It is not a lack of ambition; it is actually prudence. Prudence is good for the sustainability of the business, but it takes women longer to be able to get there.

When females start their business, they are not just undercapitalised. They start their business with one third of the capital that males do. On a like-for-like basis, if they had the same amount of capital, they would be performing just as well as male-led businesses.

We have to understand that women have multiple roles in society—they always have done and always will. That translates into women having different amounts of time that they can dedicate to their businesses. There are lots of reasons to consider.

On how we can take things forward, as Liz Cameron was indicating, we are advocating very strongly for a national women's business centre to be established in Scotland with strategic funding over a number of years. That is based on the successful American and Canadian models that

give highly tailored support to females who are starting up their business, which is specific for their needs at that particular point in their journey. We recognise that females are on a journey. Sometimes they will want female-specific support and sometimes they will not, but it is a journey and we give them that support at different points in time.

We are advocating for a national women's business centre that seeks to enhance and complement the standard services that are offered by business gateway with tailored support for women. Again, that comes back to our also advocating for business gateway to have a national head of women in business to set national policy and work together with all the other organisations. It is about collaboration rather than people seeking to protect their personal fiefdoms.

Angela Constance: Who has signed up to the 2017 "Scottish Framework and Action Plan for Women in Enterprise" and are there are any feet draggers?

Lynne Cadenhead: Are you asking who has signed up to it—who is around the table?

Angela Constance: Yes. Who is supporting the framework and who is dragging their feet?

Lynne Cadenhead: We are trying to support it. The chambers of commerce, the FSB, Scottish Enterprise and business gateway are involved. There are a number of partners around the table. We have framework meetings, which happen once a quarter. We have an action plan and we are delivering specific messages. We are getting there, but you will usually find that a select few drive the actions forward.

Angela Constance: Is there anybody missing? Do you want to name and shame anyone who should be part of the agenda but is dragging their feet?

Lynne Cadenhead: I do not think that anyone is missing.

Susan Love: With regard to business gateway support, you might find differing levels of commitment to the framework as a priority. We know that some areas have fantastic leaders in economic development, who are doing great work to encourage more women to start up businesses. In other areas, that might be considered less of a priority, or they might be doing less on it because there is just not the capacity to do any additional activity.

Lynne Cadenhead: Coming back to the £7.6 billion additional economic contribution that women would make if they started up businesses at the same rate as men, that figure is higher than the figures for some of the other sectors that we are pouring so much money into, such as life sciences technologies, enabling technologies and food and drink. Women are a cross-cutting priority sector that is really important to the growth of our economy.

The Convener: We have slightly overrun our time, and we do not want the next panel of witnesses to think of the committee as feet dragging. I thank our witnesses very much for coming in.

I suspend the meeting for a changeover of witnesses.

11:10

Meeting suspended.

11:15

On resuming—

The Convener: We have a fresh panel of witnesses in our business support inquiry. From right to left, we have Pamela Stevenson, who is the business group chair of the Scottish local authorities economic development group; Graham Smith, who is from Glasgow City Council; Dr Siobhán Jordan, who is the director of Interface; Pamela Reid, who is director of Ekosgen; and Jan Falconer, who is head of economic development at Dumfries and Galloway Council.

There is no need to press any buttons. The sound desk operates the system and the witnesses should indicate to me if they want to join in the discussion at any point. Do not feel that you need to answer every question; we will see how matters develop.

Before we take questions from other committee members, I have a question for our two council witnesses. Do you have any comments on the effectiveness of business support provision to SMEs at a local level since business gateway was transferred to local authorities?

Jan Falconer (Dumfries and Galloway Council): I have had the pleasure of working in three different local authorities where business gateway has been introduced. Since 2006, my career has been initially with Aberdeen City Council and then with Orkney Islands Council; currently I am with Dumfries and Galloway Council.

My observation is that business gateway has grown. Business gateway does not work just by itself; it works in collaboration with others. I think that that is its hallmark. Business gateway has gone through different ways of delivery. In Aberdeen city and shire, it is delivered by contract by a third party but intersects really well with the chamber of commerce and the other agencies there. Similarly, in Orkney, business gateway is

co-located with Highlands and Islands Enterprise but is a key part of the council and the council's operations.

In Dumfries and Galloway, business gateway has recently been co-located with the economic development team and they support each other. Business gateway is seen as a key part of the team, and is co-located now with Scottish Enterprise. With the small amount of Government public sector funding we are trying to eke out the most that we can, so we ensure that the whole suite of assets is available for the service to be delivered. Third sector partners also help with that delivery, which is really useful.

We ensure that we can use the talents of our people—that is really important—but we can also bring in talented companies through contracts. That is a challenge, because we all have to use the public procurement process.

The Convener: Do you think that the councils or the business gateway are effective in doing that?

Jan Falconer: I am trying to explain that it is effective, but it has been growing and it has been growing through collaboration.

Graham Smith (Glasgow City Council): Since the transfer, the business gateway service has been highly effective in Glasgow. We have been able to integrate the service more widely in an economic context to provide an overarching service that concentrates on a deeper, more meaningful engagement. We provide the baseline service, as we heard from the previous panel, in terms of the number of workshops and the advisory service. However, concentrating business gateway and integrating it within economic development has allowed us to focus our service on ensuring that businesses get the support that they need and that it is integrated with the wraparound service that is provided by the wider enterprise agencies as well as our local council funding. So, in answer to your question, yes—I think that it has been an effective move.

The Convener: Before we move on, I offer Pamela Stevenson an opportunity to respond to my question. Others may touch on it when they answer further questions from committee members.

Pamela Stevenson (Scottish Local Authorities Economic Development Group): Thank you. Hopefully, everyone is aware that SLAED is the professional network body for the 32 local authorities to deliver best practice and sustainable economic development. That includes the delivery of business gateway services across the local authorities, including our 18 lead areas. It also includes the 57 local offices that we deliver. From that perspective, we have seen some

fundamental changes and challenges over the past 10 years. As Graham Smith said, one of the key opportunities for us, which is evident from local authorities across Scotland, is that it allows us to integrate business gateway into wider national services and wider local authority services.

I am ex-Scottish Enterprise from many years ago. To see it now from both camps, there were challenges in working from one national agency to working at a local agency. However, that clearly shows that it requires us to have a local element of flexibility but also allows us to have integration with our planning departments, our rates departments and our environmental departments. Some encouragement is really starting to be shown across the piece.

Jackie Baillie: I want to explore what some might call a postcode lottery and others would call a geographical difference. Whichever term we use, will you comment on the differences between the business gateway models, in terms of both delivery and finance?

Pamela Stevenson: There are 32 local authorities, 18 lead business gateways and 57 local offices. It comes down to geography. We do not like to use the terminology of "postcode lottery"; I do not think that it is very encouraging. It is definitely down to national consistency. Ten years ago we were given a core element, but now it is very much about how we flex that to suit the local priorities and needs of our demographics.

It is difficult to look at the difference between city-centric and rural settings. We have to work hard to share best practice and sweat our assets, as they say, to ensure that we can leverage in the private sector and work on collaborative approaches with our national stakeholders at regional levels. That has not always been great in the past, but I feel that we have been on a new journey over the past couple of years, particularly in working with Scottish Enterprise and the Scottish Government on the enterprise skills review to look at how we can improve collaboration and consistency, and ensure that some of the Scottish Government's national priorities are being delivered at regional level.

Pamela Reid (Ekosgen): I will reiterate and add to what Pamela Stevenson said on the rural dimension. I work as a research consultant, so I am not directly involved in the delivery of business gateway or local economic development. However, I think that the regional element really needs to be looked at, particularly in considering service delivery, across all sorts of services, in rural and isolated areas such as those in the Highlands and Islands.

Linked to that, we recently evaluated business support to social enterprise organisations. That is not necessarily what the committee is looking at today, but a lot of social enterprise organisations try to tap into business gateway. That can prove challenging, for both service delivery and the social enterprises. That is part of the rural picture, if you like. Social enterprise models, which are particularly prevalent in the Highlands and Islands, sometimes find that they do not have access to business support in a delivery model that suits them.

Dr Siobhán Jordan (Interface): I will follow up on that point and perhaps give a bit of background on how Interface fits in with business gateway. Our remit is to support businesses across Scotland to match their business requirements into the world-leading research and development in universities and colleges. We are a national support organisation that reaches out to businesses that perhaps need to translate their requirements into research and development, or opportunities that universities can support to lend to the development of new products across the services. We aim to provide a direct link from our world-leading research in universities into economic output through businesses.

We are a small team, but we are regionally based. There is an opportunity for us to collaborate at a very local level with the business gateway advisers. Our target market is businesses that are on a growth trajectory, be they start-ups or more mature businesses. If we look across the past three years, the number of referrals that we get from local business gateway teams gives us a good snapshot of what is happening across the country.

Nationally, 14 per cent of the businesses that we have supported over the past three years have come through business gateway referrals. Many of those referrals are the result of personal connections that have been established between my team, which is quite small—we have about 11 people across Scotland—and some of those local offices. We know that personal connections are making the difference in identifying the businesses that can really gain from support in working with our leading universities.

We have an opportunity to identify where there is really good practice—working with Pamela Stevenson and colleagues—and then to look at mainstreaming that across all areas to ensure that there is consistency. That is not just for working with Interface; it is for working with other specialist support organisations throughout Scotland. As Jan Falconer said, we can ensure that we have a collaborative approach to getting it right for businesses.

Jan Falconer: There is a challenge with funding, but that challenge brings opportunity and collaboration is part of that. It is also about looking at how we can leverage other funds to bring good value for our clients. Our client base is why we are there, and we want to help our clients through that business stream; it is well worth our doing that, because the biggest beneficiary of successful businesses is our community and our constituents. We try to use what we have to sweat our own assets in order to give more.

The most fundamental part of business gateway is one-to-one advice. That is where our clients bloom and it is where our advisers, who are very well trained and experienced, can give added value. It is where we can work out our clients' needs and refer them to others. It is good to ensure that that referral comes back and that we get feedback. We do that by using the national customer relationship management system, which is used not just by our business gateway but by other business gateways and our partners in SE and HIE. A person's business has the potential to have quite a great value chain right across the customer journey.

Jackie Baillie: I think that people acknowledge that the variation exists, but I am not necessarily hearing clarity about whether it is a good thing or a bad thing. I am hearing about personal contacts and I am starting to hear a bit about finance.

Graham Smith, you get to bring it all together. You are in Glasgow and there is less money. That is self-evident. What difference does that make and what impact is it having on your delivery of business gateway? Some other areas are going up and some are going down.

Graham Smith: It is about the tension between having a national brand and a localised service. In Glasgow, the workshop programme is open to anybody. Last year, I think that we had 440 individuals from outwith the Glasgow city area attend workshops. We are trying to be more inclusive, more widely, to do away with that postcode lottery.

We are working very closely with our partners across the wider city region. The city deal is driving that. If we use a Tontine accelerator, for example, we have Lanarkshire businesses that are based in Tontine and which receive support from business gateway, the Interface hub and other stakeholders that we have tried to bring together.

The point is very well made. There are tensions between the localised service and having a national offer that is communicated out to the wider business community. I understand the frustrations that that can often bring, with

businesses not getting the same service across different areas.

Jackie Baillie: Has the fact that you have had to cut business advisers by a third had an impact on your business?

Graham Smith: It has changed. With any cut or challenge, we have to be innovative and we have to look at how to deploy our resources most effectively. To do that, we look across the wider business support network in the city. For example, we have Jobs and Business Glasgow providing advice and guidance to local businesses and start-ups, and lifestyle businesses. We have a cultural enterprise office that engages extensively with entrepreneurs operating in the creative sector. We have Entrepreneurial-Spark Ltd. We have three universities that offer business support in some way, shape or form to spin-outs. There is a huge amount of support in the city; I appreciate that the same is not true in other areas.

11:30

We have to manage the most effective way of growing our economy. In 2016, we set an ambitious target to be the most productive city economy in the UK by 2023. For us to achieve that and for the city to prosper, we need to look at what our business gateway service offers. Is having engagement with lifestyle businesses that perhaps will not generate the GVA and productivity the best way of utilising our resources? I am not saying that such businesses are not important to local communities. However, there are other players in the city that are offering that service.

Andy Wightman: The term "postcode lottery" has been used. I do not like that term at all. I agree with Pamela Stevenson—it implies that there is no accountability. I do not complain about not getting the same service that I would get in France, for example.

However, as has been hinted at, there are elements of the programme that have a national profile—there is the branding of business gateway. The previous panel talked about the word "gateway". When the service was initially introduced, more than 10 years ago, there was no sense that it would be a gateway as such; that has grown. Are there elements of the service that you think should be more consistently identified and delivered across the country so that businesses can be quite clear about what they should get from business gateway, with everything else being down to local variation and what is deemed appropriate for different economies?

Pamela Stevenson: That is a very good question, because that is an on-going challenge, as well as being an area of opportunity for us. We are trying to work closely with our national agencies—Scottish Enterprise, in particular—the Scottish Government and the Enterprise and Skills Strategic Board as part of the enterprise review.

How we ensure that we have a single portal—a one-door approach, with no wrong door—for brokering at a national level, to which people can get entry at a local level, is a big challenge for us. We continue to be faced with clutter on a daily basis. Only last week, the Scottish Government launched three new finance initiatives, none of which was referred through business gateway. We have challenges on our hands. If national activity continues to be launched without consultation with local authorities and our gateway services, we will continue to face such challenges. We are up for discussions. We want to have a service that declutters, demystifies and makes it easier for businesses to do business at a local level but, to bring that about, we need to be at the table and to be respected as a local authority agency across Scotland.

We deliver support, potentially, to 365,000 businesses in Scotland. That is 99 per cent of the business base. We simply do not have the resources, the back-up or the finance to do that, but what we can do collectively, by working collaboratively with partners at national and regional level, is provide more joined-up referral and signposting, as well as offering our own services.

As part of our gateway services, we have been working to leverage up to around £14 million of European regional development funding from the current programme for SME activity. That has been fundamental to us for the past several years. We have been able to fill in the gap in activity between our business base services and our services that are accessed through Scottish Enterprise. Although we work very actively with Scottish Enterprise, there has been a gap there. The ability to provide specialist support services, such as human resources, employability and e-commerce advisers, where they are needed and where there is evidence for demand, if not consistently across Scotland, represents fantastic progress for us. It is important that we think about how we start to integrate that with national agendas. We need to look at such opportunities as we move forward.

Andy Wightman: I would like to follow up on the issue of the enterprise and skills review. SLAED was not formally part of that. How much success have you had in making sure that business gateway is properly recognised within the business support ecosystem? What are the implications of your not having been formally part of the review? Why do you think that you were not part of that process?

Pamela Stevenson: I suppose that that is the everlasting question. We often ask why local authorities are never consulted by the Scottish Government when we are asked to deliver 90-odd per cent of the marketplace. That is a question that we ask ourselves daily. We strive to work nationally and to have one voice—we designed SLAED to try to make that happen.

Our lack of involvement in the enterprise review was very disappointing from a SLAED perspective; I cannot talk for individual authorities. However, we have, I suppose, gatecrashed the process, which means that we are at the table, through our business gateway national unit or through our SLAED representatives from our executive across our different thematic groups, including the business group. We are now very well embedded in the enterprise review for our international trade activity, working alongside Scottish Enterprise, SDI and Scottish Chambers of Commerce. We have now rolled out pilots in Fife and Tayside to deliver regional trade partnerships with all the partners, and they are already proving to be working well and looking to deliver joined-up support. Hopefully, that will link into our discussions with the strategic board, which will start next week.

There is a long way to go. We just keep fighting our corner. It is a case of telling people that we are here, that we want to work collaboratively and that we will support them in understanding what is needed at local level and what the local priorities are. We will definitely collaborate with our national partners.

Dr Jordan: I would like to follow up on Mr Wightman's interesting point about the word "gateway" and how the idea of a one-stop shop for business support was conceived 10 years ago.

One aspiration that has come out of the enterprise and skills review is to develop a main online entry portal by 2019. It is useful to reflect on how business gateway and all of us as business support organisations will intersect with that online portal. We feel that it is an ever-changing landscape. As national services, we must take into account the business—which might be urban or rural—and how we best support it. There are additional layers that we need to consider, such as whether it is a female-led business or a social enterprise. It is a complex environment, but we must focus on working out the best approach, which must be a customer-centric approach that will support the growth aspirations of all our businesses.

That might mean that we have to make tough decisions. We might have to look at whether there is a basic level of service that can be delivered online. Everybody is used to buying flights online. The step change that might be involved might be

that, although people like face-to-face support, there might be aspects for which we have to say, "That is best delivered by a different type of service." We might have to segment businesses into those that need that more personalised support that can drive a huge step change in economic growth.

Such decisions are not just decisions for business gateway. They must be team Scotland decisions, because all of us who touch businesses need to be part of that mix. As we know, business gateway works collaboratively with many different organisations. I am not sure that focusing on just one of those organisations maximises the value that we get out of the collective public purse in Scotland.

Pamela Stevenson: I would like to follow up on what Siobhán Jordan said. It is an opportune moment to talk about how we ourselves make efficiencies, because I remember the previous panel discussing that. As we talk to businesses about how to do that, we have to do the same thing. How do we become a bit more robust, a bit more agile, a bit more fluid and a bit more digitally connected when it comes to delivering our services?

Working with our business gateway national unit and our economic teams across Scotland, we are looking fundamentally at how we deliver and engage with the variety of cohorts of clients that we are asked to engage with. We need to consider, in particular, how we work with young people. They no longer want to attend workshops and talk to us oldies, so to speak. They want everything to be available at the end of a phone, so we need to consider how we deliver our services on a 24/7 basis and in a sufficiently agile way that businesses, young people and entrepreneurs can get access to them.

We are currently working with a new web app that was originally designed by our colleagues in Lanarkshire enterprise services, which we are rolling out in one or two areas of Scotland. It is a new app that is aimed at engaging, on a 24/7 basis, with entrepreneurial start-ups for young people. It is already proving to be a great success—a huge number of applications are coming through outwith our normal 9-to-5 services. We need to think about how we do that with our existing businesses and others, and how we can have offices and enterprise hubs in local areas that will allow us to do that. Digital connectivity in how we deliver our services is very much the way forward, particularly when it comes to the mass of workshops that we deliver. How can we make efficiencies there? We need to make greater use of soundbites, video, YouTube and so on. There are opportunities to look at such areas.

The Convener: Pamela Reid has a brief comment to make.

Pamela Reid: Yes. It relates to Mr Wightman's question about the gateway element of business gateway and what the national offer is. We cannot lose sight of the fact that it is a cluttered landscape for businesses in terms not only of what is on offer, but of what business gateway provides to businesses that are at different stages of the growth pipeline. Some people do not see business gateway as being relevant to particular businesses at particular stages. That is a misperception, but that is how it can often be perceived. The businesses in the middle of the growth pipeline can sometimes fall through the gap between the business gateway and Scottish Enterprise's account management service. We need to think clearly about that.

The Convener: Jamie Halcro Johnston has a follow-up question.

Jamie Halcro Johnston (Highlands and Islands) (Con): It is on the point that has just been made. The committee has had evidence on the missing middle and we talk about it quite a lot. Mention has been made of the importance of local impact. Where should that missing middle be covered? Should it be covered at a local level by business gateway and other local portals, should it be covered nationally, or do we need a mixture of the two?

Pamela Reid: Are you looking at me?

Jamie Halcro Johnston: I am looking at anybody who is happy to give an answer.

Pamela Stevenson: The question about a national perspective is a difficult one. Over the past several years, local authorities have been working collectively at a strategic level to implement and leverage European funding to fill that gap in the middle, and they have done so successfully. How do we do that in future, when the landscape is continually changing, when there are new ways of working and new products coming out and when changes are being asked of our national agencies?

I think that we need a mixture, but it must be a collaborative mixture. That is the bit that we need to get right, which I do not think that we have got right. It is not necessarily a case of local authorities delivering specialist services through business gateway, but we are not just a signposting agency—we have a mass of dedicated, skilled advisers, including specialist advisers. I am fully aware of the fact that there is always room for improvement, but we must deliver now. I believe that our role is about capacity building. How do we work at local level to ensure that the businesses that we work with have the capacity to access the fundamental business models, the finance and the right skills to allow them to be more innovative and to trade internationally—or, at least, at a Scottish and UK level—which currently many of them do not do?

We need a mixture. How do we enable that enterprise journey to be made in a seamless way, so that although businesses might not know who they are getting the service from, the agencies all work honestly through a brokering process that allows for a seamless transition and conversion of economic impact? That is not an easy question to answer. I think that a mixture is required, but there is a bit of work still to do.

Jamie Halcro Johnston: On a practical level, what is happening at the moment? What conversations are taking place? What work is being done to make sure that the journey is seamless?

Pamela Stevenson: Let us take internationalisation as an example. In the past, we have been advised that internationalisation should be led by SDI. That is absolutely great; I am not disagreeing with that at all. However, are businesses at the right stage in their journey to be signposted directly to SDI? No, I do not believe that they are. What do we have to do, from an economic business gateway perspective? Our behaviours and cultures must change. We have to make sure that we work more effectively with businesses to ensure that they are fit for purpose and that they are at the right stage to be signposted to specialists from other agencies to support that journey further.

Dr Jordan: I am happy to share a practical example of how we have worked with business gateway to support an innovative company. Because business gateway has staff based in 57 local offices, it has eyes and ears on the ground to spot companies that are on a journey of innovation. Some of them might be very mature businesses, some might be family-owned businesses and some might be at a very early start-up stage.

One company that was referred to us by business gateway was a fruit and veg wholesaler from Fife that would not be touched by enterprise agencies. The managing director had the fantastic idea that, because of emerging food legislation, new practices needed to be developed to stop starch going down waste drains. He was thinking of potato peelings, because he services fish and chip shops. He identified that there was a real problem with food and drink legislation that was emerging.

11:45

Although the business gateway adviser was keen to help that company, they knew that they

did not have the knowledge or the skill set to be able to understand how to address the managing director's idea. We were able to come in and work alongside business gateway to identify relevant expertise at the University of Abertay Dundee. That has led to a new company being formed called Peel Tech, which has taken on the resource from Abertay to head up the new business. It is now looking at international export. That is a real success story that shows how co-working can bring an idea in somebody's head to life and drive economic growth. Equally, we have companies that approach us first, which we can refer back to business gateway or to other organisations in the support landscape to get assistance.

The issue is about the network of advisers who touch businesses. It is so important that the advisers in that network understand one another's missions because, without that understanding, we might get competition among us. All of us need to have a clear mission and to be well skilled in understanding how to deliver that mission; then we can have interconnectivity.

I do not doubt that, for a business, it can be a very complex landscape. The issue is how we, as the business support organisations, ensure that we are all joined up.

John Mason: Is it possible for the committee to compare what is happening in business gateways around the country? If I wanted to compare what business gateway is doing in Dumfries and Galloway with Glasgow or Fife or Lanarkshire, where some of us were yesterday, how can I do that?

Graham Smith: It is very difficult to compare. The economic landscape in Dumfries and Galloway is very different from what it is in Glasgow. I do not think that there is any question about that. We heard from the previous panel about the issues around metrics and the difference between targets and measurable output. If there is anything for us to really work on, it is a way in which to measure our output and potentially align it with national data that the Office for National Statistics produces. There is tension between start-up figures, core business figures and the wider economic impact. It is very difficult to compare and contrast.

John Mason: I will stick with Glasgow for a minute and then come back to the other witnesses. In your submission you say:

"Historical data shows that Business Gateway performance in the city has no direct correlation to economic growth."

That is a major statement and almost suggests that we could have growth without business gateway. Table 3 in your submission shows that volume start—which I take to be the number of

businesses starting up—has fallen from 1,001 to 407. Other people have highlighted that. Can you give any explanation for that? How is that different from other local authorities?

Graham Smith: I would be delighted to explain. You heard from the previous panel about engagement issues and the level of engagement. There is a tension between churning through numbers and figures for statistics, versus the depth and quality of engagement that businesses actually need. In Glasgow, we have invested quite heavily in the skills of our business advisers to ensure that they are equipped to deal more deeply with businesses across the range of issues that they face—whether that be internationalisation, people, operations or finance—so that we have that core, baseline knowledge. Doing that takes up more time, by the very nature of the job, but that was a conscious decision. The point that we were making in our submission is that although business gateway engagement has dropped significantly, that has not had an impact on city performance, because business gateway has been brought in and integrated into the wider economic development landscape in the city.

You asked about a comparison with Dumfries and Galloway. There is a tension between a local service and a national brand that is the standard service. What we are doing at a local level is trying to integrate those, and to have a more robust economic impact.

John Mason: I am all for integration, but how can you measure what business gateway in Glasgow is doing? Do you set your own targets? What do you measure? What are the outturns? What are the outputs?

Graham Smith: The measures that we use are GVA, jobs and productivity. Yes, we align and work with the national unit to set targets against a uniform of metrics. Are there improvements to be made? I think that there are. Does that accurately reflect the performance in Glasgow versus, for example, Dumfries and Galloway? I do not think that it does.

A point was made earlier about lifestyle businesses and businesses that perhaps do not generate economic growth. If we direct our business gateway resource to those businesses, we are not aligning it with the wider economic strategy, although the nature of that activity would increase the figures for the number of businesses engaged with.

The other factor here is that, between 2010 and 2017, business gateway came into the council. Prior to that, it was subcontracted out. I refer to the debate with the previous panel around the performance of subcontracted business gateway services, the targets and the way in which targets

are achieved through financial incentives. By removing that, we have allowed ourselves to focus more closely on what it is that businesses actually need, concentrate on the skills and experience of our business advisers and integrate that more fully across the wider economic landscape.

John Mason: Perhaps I can widen my questions out to the other witnesses. I told the previous panel that I was confused. I think that this time I am feeling a little frustrated. Is there no measure that we can use to see how the different business gateways are doing? Perhaps start-ups is the wrong measure. Is it GVA, or is that too vague?

Jan Falconer: I have been looking at this locally, going down to ward level. If I just looked at the numbers and the targets that we have, I do not think that that would be smart. We try to take the context of the businesses in that particular area and then bump it up higher for the region. We have only recently started doing that in Dumfries and Galloway. Previously, we just reported on the region's success rather than looking at particular areas.

It has been more than a learning curve for us, it has been a sharing curve, because we have found out what has been happening in particular areas with particular types of businesses. In some areas we will not have start-ups because we have growing businesses that want to grow bigger. If we do get start-ups, they may come in for just a short time and then decide to be lifestyle businesses and say, "I quite like doing what I want to do and I don't want to grow. I just want to be in a business and earn a living, thank you," and leave us. That is fine. We have other areas, near bigger conurbations, where we have very ambitious businesses. There may be only a few, but they are ambitious. It is contextual.

I do not think that you can just look at a national number and say, "Yes, we have 9,000 new businesses." What we need to know is which of those businesses is going to grow and how are they going to grow? We need to mine below the numbers to get to that information.

John Mason: I totally get the contextual point and I have a lot of sympathy with what you are saying, but I wonder how you know whether Ayrshire, for example, is doing something better than you are, or whether you are doing something better than they are? How can you compare? If everything is contextualised, we cannot make any comparisons, can we?

Jan Falconer: I think that if I look at it at a local level, I can make a comparison. I can see which areas do well, because I know that I have rural areas that are generating value-added products, I can explain that and I can explain that in GVA. I

have other areas that are doing other products. I believe that we need to understand the context to see that there are some things that we will not do because there are others who do it better than us. That is the biggest challenge.

I think that we are challenged by our targets. I am not one for following targets. I know that they are there, but I want to see outcomes. I want to see businesses that do well. If that means higher productivity and we have to measure using GVA, well, we will have to do that, because I think that that would be a fairer way of having a good baseline and showing success.

Pamela Reid: I am a researcher and a consultant and this is what we do: we evaluate the impact of various programmes. I think that you can assess the impact of the business gateways. I would look at the quantitative data, but you also undeniably need to look at the regional context, the local context and a whole range of other factors, such as the different models that are being used in the different areas. You absolutely have to go to the businesses that are supported, because the key thing is whether the businesses in the area are getting the support that they need within their context, and whether they are able to access that support. You would build that up into a national picture.

Although of course you want to look at how each area is performing, I imagine that the best use of such work would be to learn lessons from the different areas, models and ways in which business gateway is operating. I would be less inclined to present it as a comparison and more as an evaluation to inform the future development across business gateway locally, regionally and nationally. In answer to your question, it can be done, in my view.

Pamela Stevenson: From a national SLAED perspective, I would articulate that we have a fairly robust performance framework in place for economic development across Scotland and for our business gateway performance. We have a comparable benchmarking set of families across our local authorities that support what we do. We collect data from a ward level, to a local level, to a regional level and a national level. All the information specifically from business gateway goes into a dashboard that is then evidenced and set within the context and provided to our business gateway boards. It is also put in our yearly SLAED economic indicators achievements and performance review, which is launched and campaigned at the end of November every year, and goes to ministers, civil servants and stakeholders alike.

John Mason: Is that all in the public domain?

Pamela Stevenson: It absolutely is. It goes out every year and has done for the last several years. Ministers come along to our SLAED conference, which will be at the end of November or early December, to make reference to the key achievements delivered through our gateway performance, which also showcases local activity, national activity and, importantly, our wider economic development activity.

Colin Beattie: The previous panel—I think that you probably heard a fair bit of what they were talking about—were not particularly excited by the quality of the information coming out about business gateway locally, the targets and how the targets are monitored, measured and evaluated. I would be interested to hear your views on that. Do we have adequate monitoring and evaluation of business gateway in the present format?

Pamela Stevenson: Yes, we do. There is a very structured monitoring process in place through our dashboards—

Colin Beattie: Why did the previous panel think something different?

Pamela Stevenson: If you let me finish, I will explain that to you. I was very frustrated by that panel's responses and I am also very frustrated that we are obviously not getting our message out effectively. Our business gateway board and our SLAED activity are obviously are not working effectively with the national agencies and our key stakeholders to help them understand what we are achieving and how we monitor and deliver our services, because there are stats about that. We need to review how we deliver our national communication strategy more effectively to ensure that the likes of the members around this room understand what we do and then can scrutinise it more effectively. I am happy to take that back and look at opportunities to work more effectively with our national stakeholders to make that happen.

Colin Beattie: In the model in which business gateway has been taken in-house by the council, who says, "Right, they have met their targets"? Who is responsible for that monitoring and evaluation? Where does the buck stop?

12:00

Jan Falconer: I take a report to committee and it is agreed by the council. I have to front up every quarter to the area committee to explain what is happening and why it is happening. If things are not going well, we are challenged to get it sorted. We are given suggestions as well, but as professionals we usually turn up with an action plan, which you would do. In the main, monitoring is through our council governance, which I believe really works. That is why I am very supportive of the idea that COSLA oversees this, because it

means that all the council leaders see the results, they know their backgrounds because they have been well reported from their local economic development services, through the directorates, and they will own it because they know what is happening from a ward level right through to a regional level.

Colin Beattie: Given the nature of local government and the nature of councils, there are limited business skills. How do you get that entrepreneurial skill, so that the evaluation has quality to it?

Jan Falconer: My staff, myself and many members within our council are businesspeople. I will also say we have businesspeople represented as local members. I believe that we are very fortunate, because we work in a collective and we can get other advice from, for example, Scottish Enterprise. I do not come from a public sector background, I come from a business background in New Zealand and I would say that if you are working in economic development and you do not have an entrepreneurial spirit, you should not be in it. I certainly have that and I know that my colleagues do.

Graham Smith: I am glad of my MBA; it perhaps did not hold merit moving into the public sector. I worked for over 15 years in higher education, so in Glasgow we look very closely at research and data and we monitor. Similarly to our colleagues in Dumfries and Galloway, we report that information to the appropriate committee structures and through the convener for economic growth, who is the leader of the council. That reporting mechanism within the council is very robust and we are accountable to it.

At a wider level, for business gateway we report to the national unit, which has a role in collating and analysing the data at a national level. As we have already discussed, the challenge of that is the lack of consistency across areas, which can definitely be improved, as Pamela alluded to.

Colin Beattie: Looking at the governance side, the previous panel seemed to agree that backing business gateway into local government meant that it had become somewhat isolated from, for example, groups such as Scottish Enterprise. What would you say about that?

Graham Smith: I can speak from a Glasgow perspective. We work very closely with colleagues in Scottish Enterprise. I mentioned earlier that we have the city region deal project—the business accelerator at Tontine. Scottish Enterprise has a presence there, as does the interface hub, and chambers of commerce. We have worked hard with Scottish Enterprise to create and develop those links and to continue working with them.

Can we do more? Absolutely. We are moving very strongly in a regional direction and working more closely on a regional basis and we will continue to do so. We have a very good relationship with Scottish Enterprise and work very closely with it. I am sure that Pamela will add to that.

Pamela Stevenson: Again, it is a complex ecosystem out there and it becomes quite challenging for us to make sure that we are integrated with a lot of our national agencies. However, we work closely and as proactively as we possibly can with our colleagues at Scottish Enterprise, SDI and the Scottish manufacturing advisory scheme.

It is vital that we get access to national services to ensure that our local businesses get to build their capacity.

Scottish manufacturing is working effectively with local authorities and our business gateway advisers. It is all part of the rationale for diversifying sectors and looking at innovation, streamlining and forward competitiveness, particularly in light of industry 4.0. It is fundamental for us to work with those agencies.

We work closely with Scottish Enterprise's workforce development team, which is now called workplace innovation, and with its innovation teams, internationalisation teams, and particularly with some of its leadership teams.

A lot is going on, but the challenge is in how we get it all noted out there. We have evidence that shows that, across 32 local authorities and 18 lead areas, whether it is at city centre, core or rural level, some fantastic projects are happening in collaboration with a variety of national agencies. Perhaps we need to spend a bit more time on getting the message out nationally.

Dr Jordan: To link the two questions together, there is an interesting dimension in trying to work more collaboratively to get the right specialist advice to the company at the right place and time. Equally, we all have to respond to indicators from our funders. We have funding from the Scottish Further and Higher Education Funding Council, SE and HIE. We all have to show our individual contribution. Our measure is GVA and the number of products and processing services, but if you ask a business, success has many masters.

If I go back to the Ivan Wood and Sons case study, will Ivan credit business gateway with referring him to interface? Will he credit Abertay University? Will he credit SDI, which has given him a global platform? How do you look at the additionality of each individual service versus how the businesses see it, as a continuum of a journey? Again, that is a key question. We have to work together to make the best use of the assets

that we have but how we measure that becomes quite problematic because we are all working to individual KPIs and all have to maximise and show the best for our GVA.

Gordon MacDonald: I have had a quick look at the SLAED indicator framework report and the last one I can see is for 2015-16. Is that the most up-to-date report that is online?

Pamela Stevenson: Yes. The 2017-18 report comes out in about two weeks. It will be sent to all Scottish Government colleagues.

Gordon MacDonald: The chart showing the number of business gateway support interventions seems to suggest that more than one third of local authorities have intervened in fewer than 100 cases. Is that right?

Pamela Stevenson: I am not sure that I can confirm that.

Gordon MacDonald: As I say, I have only just come across it just now.

Pamela Stevenson: I have some stats that I am happy to take you through. They might correlate with the stat you just gave, which I do not recognise. In 2017-18, we helped 53,000 people plan to start their new business or with issues of running and growing their businesses. More than 31,000 people have asked for support. More than 10,000 people attended workshops to improve their business skills, of which 9,000 business have started to receive support. Of those, 47 per cent are female start-ups. More than 17,000 inquiries are coming through our businesses and more than 15,000 business owners attended workshops.

We have also supported more than 3,000 growth clients in 2017-18 and we are working with many clients under the Scottish Government's new digital boost. The number of 100 assists does not resonate with our figures.

Gordon MacDonald: I am just reading off one of the graphs on one of the pages.

Pamela Stevenson: It does not even resonate with my own Fife geographic.

Gordon MacDonald: Obviously, we need to have a proper look at it but, as you mentioned it, I just pulled it up and had a quick look through it.

Pamela Stevenson: Yes. I am happy to take it back as an action.

Gordon MacDonald: Okay. If all this information is available, why are we hearing that there is a lack of transparency and also that there is no published data to identify what business gateway is spending its money on and its impact?

Pamela Stevenson: I do not want to talk out of turn about the witnesses on the previous panel but

I would like to add my two penn'orth. I think some of the concerns have been perhaps frustration from a national perspective. We have very robust information that goes through COSLA to our leaders. At the local and regional level, that same information goes to our local areas and then through our SLAED performance indicators, which are currently being reviewed, to improve our whole productivity capability rather than just being about targets.

Back in the transition days of 2008-09 when Scottish Enterprise transferred over business gateway support—I was involved in some of the national activity at the time—we had what was called a business gateway stakeholder group. That group has not met for several years. It consisted of the likes of Scottish Enterprise, the FSB, the Scottish Chambers of Commerce and so on. They liked that platform, which gave them some consultation and input into how they would like to see business gateway delivered. However, as business gateway has been delivered in-house by the local authorities, there probably has not been the same opportunity to do that.

Again, I am happy to look at these things. What can we do at the national level to work in consultation? However, it is not really about all the national agencies just dictating to us what local authorities and business gateway must do; it should be a bit more respectful and joined-up than that. When do we get to come to the table and discuss issues from a national perspective, or say to SE, the FSB or the Scottish Chambers of Commerce where we feel the opportunities are to work more effectively together? We probably need to have a look at all that again, refresh and get a bit closer to the FSB and the Chambers of Commerce because some fantastic things are happening across the local areas. Perhaps there needs to be a bit more consultation with those representatives at the national policy governance level.

Gordon MacDonald: You talked about more consultation across the agencies and the fact that the previous arrangements no longer exist. How do you share best practice? You also talked earlier about Lanarkshire rolling out a really good app. How do you share the best practice of all the business gateways if the forum that previously existed no longer exists?

Pamela Stevenson: That was an external stakeholder forum. We have had a business gateway operational network since we transferred in 2008—you might have heard the acronym BGON. That delivers our core contract of activity and has done for 10 years. It is superb teamwork to deliver best practice, to discuss contracts over the years, to look at opportunities to improve, to help each other look at benchmarking and particularly to help each other when we have had challenges and opportunities, when we have changed contracts or decided to review elements of them.

That market was missing about four or five years ago. We then delivered this new business base activity around the growth advisory services. It is also how we support and help each other to look at change in the contract structures from out of house to in-house, and commercial to non-commercial. It has been beneficial.

A fantastic group of representatives across the local authorities' economic development teams come together just to support that core part of business gateway.

We then work with the SLAED business group—some of the same representatives are on that group—to look at how we integrate the gateway operations across our wider economic development services.

Gordon MacDonald: What key SLAED indicators should we be looking at if we are trying to measure whether business gateway provides value for money?

Pamela Stevenson: I suppose that we have the main core gateway targets. The jury is probably out in that we are looking to review those, but from a wider SLAED perspective—

Gordon MacDonald: How challenging are those targets?

Pamela Stevenson: How long is a piece of string? It is a difficult question. The issue is not delivering the targets for us—we can deliver the targets, but what is important to us is the quality behind the targets. We are all fully aware—we have recently raised this at the business gateway Scotland board—that we have to review the business gateway performance targets. We do not think that they are right for the current environment.

It is not just about how many clients we can get into the different levels of segmentation who can access Scottish Enterprise services; it is about the delivery of productivity, innovation, trade, inclusivity, and, in particular, access to finance.

Liz Cameron referred to this in the earlier panel. As part of our KPIs, we have to benchmark and review better how we are showcasing the level of business gateway support in signposting to other referral agencies. It is important that we understand the level of engagement in that process.

Do you want me to come back to your question about performance?

Gordon MacDonald: Yes, that would be helpful.

Pamela Stevenson: How do we have an economic performance indicator? Our performance group, which is led by one of our colleagues at Dundee City Council, is a fantastic group that looks at the leverage of activity across the economic agencies. We have something like a £495 million economic development budget across the 32 local authorities and 1,600 staff work in the services, which includes the gateway support. How do we measure more effectively the access to finance, investment, infrastructure, procurement opportunities, the supply chain, and improvements around employment and land? We do lots. The SLAED indicators identify that. There is still room for improvement and I am sure you will see that when they come out in two weeks, but we have some fantastic figures.

Gordon MacDonald: I will roll my final two questions together to widen them out to everybody else. We have heard this morning and in previous evidence that the business support landscape is complex and cluttered. What efforts are being made to provide the one-stop shop that businesses are looking for?

Secondly, given this cluttered landscape, are there any gaps in that support that currently are not being met and need to be filled?

12:15

Dr Jordan: I am happy to start. The whole enterprise and skills review started with that premise: what can we do about the cluttered landscape? There is no doubt that businesses find it confusing to navigate that landscape. A whole slew of recommendations has emerged from the strategic framework of the enterprise and skills board. We need that journey to start, but it cannot be without, for example, business gateway and the other organisations that are delivering specialist services. That is one key point. We are at the beginning of another set of recommendations or actions and it will be important to make sure that they lead to less complexity.

On the second point about gaps to be filled, we have heard about whether particular businesses want specialist advice or they want a blended approach. We have talked quite a lot about supporting women-led businesses. We can talk about social enterprises and so on. Every business considers itself to be unique. How can we maximise that feeling of uniqueness against the affordability that we have?

Jan Falconer: A one-stop portal that everyone can use and which is also backed up by our good CRM is vital. Also, we need to be able to showcase what we do have. I had a quick look at our website and we do not showcase a couple of great things that we have, such as our women in business network and the digital boost programme. We have it there but we do not explain it, and that would help to signpost people.

The gap that I see is for medium-sized businesses that do want to grow. They are established but where do they go? They are not right for SE and they might not think that they can come to business gateway, but they can. If we were really clever, we would wrap them up in the wraparound that the council services are statutorily obliged to deliver—planning, environmental health and trading standards. We would have the right people giving the right advice at the right time.

That might be one of the challenges, not so much to business gateway but an economic development and council challenge to make sure that we are thinking about the business's needs all the way through and directing them to the right people. Directing them to business gateway would be a lot smarter than directing them to a mere amateur who would not even know what they are doing. Maybe it is not just about engaging with our partners and making certain that they know what we do, but about engaging with the people we work with every day and yourselves so that you know what business gateway can do for business.

Graham Smith: I echo the point. It is a cluttered landscape. We understand that, we recognise that and we are working very closely with Scottish Enterprise and Skills Development Scotland, particularly in Glasgow and at a regional level. We can definitely make efficiencies.

Angela Constance: The panel will have heard the discussion earlier about the need for the business support network perhaps to find different and better ways to reach out to underrepresented groups. That is about encouraging more women-led start-ups, but there are other underrepresented groups, such as people from more disadvantaged backgrounds, people living with disabilities, young people and people from black and minority ethnic backgrounds. I am interested to hear from those who are closest to the front line about what you are currently doing and what is working well and not so well. Do you have a view on the suggestion that there needs to be a national policy-driven approach on, for example, supporting women?

I would like Ms Falconer to start, if that is all right.

Jan Falconer: I am impressed with the work that is done by the group of like-minded women that we have in Dumfries and Galloway. I have had the pleasure of spending time with the group, and I began to see what added value they can bring. They have innovative ways of undertaking solutions and are very solution focused.

We also have a buoyant and good skills and employability team, which tends to work more with disadvantaged groups and disadvantaged people. Looking at our scope, we can first make certain, through our skills and employability team, that people have access to the business gateway information and know what it can do for individuals who want to set up their own business. We can also work with public sector partners that work with such groups—they do so a lot better than we do—to make certain that they know what we are doing. We can do that through our local community partnerships, which can bring so much more. We work together on our local improvement plans. It is much better to bring people in naturally than to say point blank, "Go and see your disadvantaged groups." That is not the way to do it. These groups emerge. We have creative groups. We have different sector groups of people who may or may not want to have their own businesses.

In rural areas, the issue is challenging. We have more social enterprises that want to be enterprising businesses. It depends on the sectors in the particular area. A city will be quite different from a rural area, which will be quite different from an island. It needs to be done naturally, using the networks that we already have.

Angela Constance: If, for example, women are receiving less support from the business support network than their male peers, how would you address that?

Jan Falconer: First, I would need the measurement. I do not have the measurement, so I do not know whether women are receiving less support. I read the document that said that, but I do not know where that measurement came from. I would have to do some research or get some research done. I do not have that information at my fingertips to say that there are disadvantaged groups that are not getting the level of support that they need. That is why I answered the question the way that I did. I do not mean to say that that situation does not exist, but I do not have that information.

Angela Constance: We have touched on the issue of the lack of data and information.

Mr Smith, from your Glasgow experience, is there anything that you want to bring to the table?

Graham Smith: Yes, there are four points that I would like to make. First, we have a dedicated BME adviser who engages widely with the ethnic minority community and who does extensive work in going out and trying to support the growth of businesses and generate new-start businesses.

Secondly, we have a successful women-in-business programme that has been going for a number of years now. It is very well established and highly effective.

Thirdly, we have a very strong focus on social enterprises. Through the Glasgow partnership for economic growth, and bringing business gateway into that, we are working with social enterprise partners in the city to grow the business base to ensure that we have an inclusive growth dimension that is organic and growing in the city.

Fourthly, this is maybe one for Pamela Stevenson, but I know that colleagues elsewhere are considering how we can most effectively engage with supported businesses to support them in recruiting and retaining individuals and staff with disabilities. Those are four examples of what we are doing. I am sure that Pamela will have something to add, unless there is something that you want to follow up on, Ms Constance.

Angela Constance: Perhaps Ms Stevenson could address the point about the balance between local and nationally driven policy, particularly with regard to advancing equalities.

Pamela Stevenson: First, on the activity at local and national level, in 2017-18, just short of 50,000 employability participants were engaged in economic services and just short of 17,000 people were supported into work. I have quite a lot of stats from the 18 lead local authorities—I have Jan Falconer's data if she does not.

There are a variety of fantastic programmes going on for Syrian refugees, migrant workers and women-led activities. We work with Scottish Enterprise and SDS around partnership action for continuing employment—PACE—support, task forces for recovery from mass-scale redundancies and translation services.

Graham Smith rightly referred to our work on supported businesses. We work on local and national policies for procurement and there is collaboration and engagement through our local authority-led supplier development programme, which is a national programme that is delivered by all local authorities. That has a role in our engagement and collaboration with local equalities groups. We are working on how to deliver alternative community benefits, not just from an employability perspective but by ensuring that community groups get access, through social and community enterprises, to public sector funds and to a breakdown of some of the lots for suppliers of services across regional and national agencies.

In terms of policy, from a SLAED or business gateway contract perspective, we do not have a policy on how we interpret and deliver start-up services, say, for women or engagement. It is a mainstream service. In 2017-18, 47 per cent of start-ups were women-led, which is fantastic. There are lots of fantastic women's programmes.

In fact, I and others attended the Women's Enterprise Scotland awards last week.

In line with what we feel may be a gap, and in considering how we work more effectively with Women's Enterprise Scotland rather than having people reinvent things at a national level, our gateway team through our business gateway operational network is currently looking to pull together a brief to produce a national business gateway women-led programme that we can take forward in collaboration with national agencies, but not in isolation from all the other inclusivity requirements.

What is the priority for us? We need to have further discussions with some of the national groups. We cannot do it all, so which one do we address and how do we ensure that we have local services to do it? If not, how do we work with our national support agencies so that they come into our regions to support us and provide their skills to deliver those things?

Dean Lockhart: I have a couple of supplementary questions, based on what we have heard. I will wrap them up together. The first is on targets. Scottish Government figures show that, last year, business gateway invested £12.6 million in start-ups, which was the lowest level since 2009. I would like to get some brief thoughts as to what is behind that decline. Was it primarily about budget cuts?

The second question relates to e-commerce. We heard from the previous panel that Scotland is far behind the rest of the UK on the use of e-commerce. Do your organisations have the necessary skill set to help businesses to develop e-commerce? For example, do you have a dedicated e-commerce team?

Jan Falconer: We have an expert in e-commerce, and we bring in additional resource for e-commerce.

With respect to the decline in investment in start-ups, I am not certain where that comes from. We have made a small amount of savings, but we also invest a lot of staff time and use other resources. I know that I still have the same staff complement and we assist each other and work together to help our start-ups. It is about more than just start-ups; it is about growing businesses that we invest in and support.

Pamela Stevenson: I am happy to answer the question about the budget implications. I am here today to talk from SLAED's perspective and not about local authorities' financial positions, but I can share with you some information on the impact of budget savings on local authorities, rather than the numbers. Across all the lead areas and some of the other local authorities, budget savings have been made over the past couple of

years. In the main, the majority say that that has had no impact on services. Some of the savings are a result of efficiencies arising from bringing services from out of house to in house. There has not really been a reduction in services. In some cases, the money that we have to deliver gateway services has been instrumental in delivering and supporting the successful SME competitiveness programmes. To lever in more impact from the gateway services, we have accessed up to £14 million to deliver additional services using a budget pot of about £34 million.

E-commerce has always been fundamental to delivery of local activity from business gateway, even back when we had the Scottish Enterprise e-commerce first steps programme. It has always been embedded in our gateway services, even back in 2003. Our digital boost programme, which is led by our business gateway national unit, is receiving umpteen awards. I hope that everyone across Scotland agrees that it is a fantastic programme, and I hope that the Government will help us to continue it in 2019-20. The programme has allowed us to work with local businesses to build capacity and to help them understand that having great broadband and access to connectivity is not the same as having digital technical solutions that make them competitive.

Those additional programmes have allowed us to do more advanced work with some businesses to stimulate and raise awareness and to provide one-to-one information and communications technology, e-commerce and digital solution support. We work with our business gateway clients to get them to understand how they have to be competitive and the solutions.

About a week ago, the Government launched a new digital loan fund, which we hope will work in tandem with some of the work that we are doing with the digital boost programme to allow businesses to access commercial loans for the capital investment that they need to become more digital and more competitive.

12:30

The Convener: I am afraid that that is all that we have time for today. I appreciate that it is a bit difficult for people to say what they might want to say on issues and that sometimes they do not have the facts or figures to hand. All the witnesses should feel free to write in to provide any supplemental comments or to respond to a question if they feel that they have not had time to fully answer it. Thank you very much for coming and for your time.

12:32

Meeting suspended.

12:33

On resuming—

European Union (Withdrawal) Act 2018

Renewables Obligation (Amendment) (EU Exit) Regulations 2018

The Convener: Agenda item 3 is consideration of a proposal by the Scottish Government to consent to the UK Government legislating using the powers under the European Union (Withdrawal) Act 2018 in relation to a proposed UK statutory instrument. The notification suggests that this is a category A proposal. In other words, it is a technical one with minimum policy choice or only one obvious policy solution. The UK Government proposes to amend legislation to remove references to the UK being a member state and to the jurisdiction of the Court of Justice of the European Union. Equally, references to the role of the European Commission will, of course, no longer apply and therefore fall away. The actual legislation will continue to function exactly as it does now.

Is the committee content for those matters to be dealt with by statutory instruments laid at Westminster? If the committee is content, I will write to the Minister for Energy, Connectivity and the Islands to notify him of the committee's decision.

Members *indicated agreement.*

The Convener: We now move into private session.

12:34

Meeting continued in private until 13:00.

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