



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 26 September 2012

Session 4

---

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.scottish.parliament.uk](http://www.scottish.parliament.uk) or by contacting Public Information on 0131 348 5000

---

**Wednesday 26 September 2012**

**CONTENTS**

|   | <b>Col.</b> |
|---|-------------|
| <b>DECISION ON TAKING BUSINESS IN PRIVATE .....</b> | 1949        |
| <b>BUSINESS GATEWAY INQUIRY .....</b>               | 1950        |

---

**ECONOMY, ENERGY AND TOURISM COMMITTEE**  
**25<sup>th</sup> Meeting 2012, Session 4**

**CONVENER**

Murdo Fraser (Mid Scotland and Fife) (Con)

**DEPUTY CONVENER**

\*Dennis Robertson (Aberdeenshire West) (SNP)

**COMMITTEE MEMBERS**

\*Marco Biagi (Edinburgh Central) (SNP)

\*Chic Brodie (South Scotland) (SNP)

Rhoda Grant (Highlands and Islands) (Lab)

\*Patrick Harvie (Glasgow) (Green)

\*Mike MacKenzie (Highlands and Islands) (SNP)

\*John Park (Mid Scotland and Fife) (Lab)

\*David Torrance (Kirkcaldy) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Douglas Duff (Falkirk Council)

Jim Galloway (Scottish Local Authorities Economic Development Group and Business Gateway Scotland Board)

Hugh Lightbody (Convention of Scottish Local Authorities)

Susan Love (Federation of Small Businesses)

George Stevenson (Falkirk for Business)

Karen Yeomans (North Ayrshire Council)

**CLERK TO THE COMMITTEE**

Douglas Wands

**LOCATION**

Committee Room 4



## Scottish Parliament

### Economy, Energy and Tourism Committee

Wednesday 26 September 2012

[The Deputy Convener *opened the meeting at 10:00*]

### Decision on Taking Business in Private

**The Deputy Convener (Dennis Robertson):** Good morning and welcome to the 25th meeting in 2012 of the Economy, Energy and Tourism Committee. I ask everyone to check that their mobile devices are switched off, as leaving them in silent mode interferes with the broadcasting system.

We have apologies from the committee's convener, Murdo Fraser, and from Douglas Duff of Falkirk Council, who has been delayed, but hopes to attend the meeting.

There are three items on the agenda. Do members agree to take item 3 in private?

**Members** *indicated agreement.*

## Business Gateway Inquiry

10:00

**The Deputy Convener:** Item 2 is the business gateway inquiry. I would like members and witnesses to introduce themselves. Members should state their constituency and the witnesses should say which organisation they are representing.

**Marco Biagi (Edinburgh Central) (SNP):** I am the Scottish National Party MSP for Edinburgh Central.

**Karen Yeomans (North Ayrshire Council):** I am the project director for economic development at North Ayrshire Council.

**Susan Love (Federation of Small Businesses):** I am policy manager for the Federation of Small Businesses in Scotland.

**George Stevenson (Falkirk for Business):** I am the chairman of Falkirk for Business.

**David Torrance (Kirkcaldy) (SNP):** I am the MSP for Kirkcaldy.

**John Park (Mid Scotland and Fife) (Lab):** I am an MSP for Mid Scotland and Fife.

**Chic Brodie (South Scotland) (SNP):** I am an SNP MSP for South Scotland.

**Mike MacKenzie (Highlands and Islands) (SNP):** I am an SNP MSP for the Highlands and Islands region.

**The Deputy Convener:** I am the deputy convener of the committee and have stepped in for Murdo Fraser. I am the SNP member for Aberdeenshire West.

I invite the witnesses to give brief introductory statements before we go to questions. Would Karen Yeomans like to make an opening statement?

**Karen Yeomans:** I have not prepared an opening statement, but I could say a few words about the business gateway situation in North Ayrshire, if that is acceptable.

North Ayrshire Council is the lead authority on behalf of the two other Ayrshire councils—East Ayrshire Council and South Ayrshire Council. We manage the business gateway contract on behalf of the three authorities.

We have contracted out the business gateway service, and we have been going through the procurement process since the end of last year. We recently concluded all the negotiations with our preferred bidder, which is due to commence operations next week, on 1 October. As a consequence of the process, we have swapped

from our previous provider to a new provider. Therefore, we obviously have to manage a number of issues—for example, the Transfer of Undertakings (Protection of Employment) Regulations arrangements for staff and new premises—as well as the termination of the contract and the start of a new one. The process has been quite complex, but we think that we are now on a good footing to go forward.

**Susan Love:** As members will be aware, the Federation of Small Businesses contributed quite heavily to the committee's business gateway inquiry last year. We sit on the business gateway external stakeholders group. As a membership organisation, we do not have any role in business gateway delivery anywhere in the country. We are primarily interested in the services that are delivered to our members across the country.

**George Stevenson:** As I said, I am the chairman of Falkirk for Business. I was asked to chair a company that was formed by Falkirk Council. The project is one of the most innovative and successful public and private sector partnership projects that we have seen, and it has been highly regarded widely. We have involved the private sector very well in driving the business gateway and wider business support.

I do not think that there is any doubt that we have been one of the most successful business gateways. Members will see that from the evidence that they have received. As a business community, we are deeply puzzled and saddened by the decision to take in-house the business gateway and all the other economic support services that we have been delivering so well, particularly as the council had created such a brilliant organisation in the first place.

**The Deputy Convener:** Thank you, George. I am sure that we will come back to the issue.

I will start with a fairly general question. Last October, the committee made a recommendation on the consultation process with regard to business gateway. Do you feel that the process has improved and that you were more involved in the consultation for procurement and so on? Perhaps Karen Yeomans will begin.

**Karen Yeomans:** You will have to excuse me, convener. I have a bit of a cold this morning, but I will try not to cough too much.

As I have only recently joined the council to lead business gateway activities—I have been in post for three months now—my comments come via colleagues' experiences in our council and our partner authorities. The conclusion that people have reached and which they have observed to me is that the consultation process has improved from what it was previously. Although there is always room for improvement—for example, some

of the decision making and guidance could be swifter—the whole process seems to be much improved.

**The Deputy Convener:** Can you expand on what those areas of improvement might be?

**Karen Yeomans:** On the decision-making process, colleagues felt that a swifter response to one or two items of clarification during the tender process would have allowed us to resolve certain issues that arose. A bit of guidance was needed on specific areas at a time when everyone was feeling their way through a very complex tender procedure and some improvements in dialogue and communication might have helped to deal with any items for clarification that arose.

**The Deputy Convener:** Does anyone have any questions on this subject?

**Chic Brodie:** I want to ask a number of questions later, convener, but I have a question on this specific point. In our business gateway inquiry, we recommended that the tender process—and involvement in it—be more focused and made simpler. I know that you were not in post at the time, Karen, and I ask this with the caveat in mind that you have been in post for only three months, but I am still very concerned to hear you say that the process was complex and dialogue could have been a lot easier. Are you able to tell us quickly what the actual points of complexity were?

**Karen Yeomans:** When I came into post and started picking up on the issues, I observed that the complexity originated as a consequence of the process—if that makes sense. As a result of certain issues that came to light with the procurement process and the bids received, we had to have fairly in-depth discussions and reviews of the documentation and the decisions that had already been made. That process—which, I remind the committee, not only involved our council but required co-ordination across two other authorities—meant that quite a lot of time was spent reviewing the documentation and a lot of detail. Having looked at the procurement framework and the marking schemes that had been put in place, we found that that was where the complexity lay. With hindsight, and given the matters that we have had to deal with more recently—which have now been satisfactorily resolved—the whole thing did not look or feel very straightforward. Had the framework and scoring mechanisms been simpler, we might have been able to get through the process more easily.

**The Deputy Convener:** The FSB was fairly critical of the initial process. Do you feel that it has improved?

**Susan Love:** We were very critical of the early stages of the consultation with stakeholders on developing new contracts but, looking back, I

suspect that that was partly because the expectations of stakeholders and those who were running business gateway differed. As stakeholders who are used to being involved in national Government consultations, we had expected quite a high level of involvement in the development of the process, whereas those who had been delivering business gateway were probably not used to involving national stakeholders to such an extent.

The process was complicated by certain legal aspects of a tender process and the fact that many of the stakeholders are involved in delivery. A whole range of difficulties emerged as we tried to have a discussion about what we wanted, what worked and what the process might look like without getting into hot water from any of the stakeholders who might have wanted to submit a bid. It all led to a great deal of concern and difficulty, which did not help the discussions and left stakeholders feeling that they were not getting as much information or being as involved as we might have liked. Perhaps we should think about how we might improve that process if we are to go through it again in future.

**Chic Brodie:** We will probably go down this road later, but are you telling me that you were not involved at an early stage in the process? Colin Borland's requirement was that service users, including the FSB and Business Enterprise Scotland, be involved at an early stage and paragraph 55 of the report that we published last year said that the committee was

"supportive of the approach expressed by"

both to be involved at an early stage in the process. Are you telling me that you were not?

**Susan Love:** When we gave evidence to last year's inquiry, the process had started and we had not felt as though we had been involved. Subsequently, following the report's publication, we were involved in a number of discussions with business gateway. I was just trying to explain the issues that had led to certain difficulties and why we had not felt involved up to that point.

As I have said, we were involved in a number of discussions after the committee's report—

**Chic Brodie:** What about decisions?

**Susan Love:** Sorry?

**Chic Brodie:** What about involvement in decisions?

**Susan Love:** We do not have a role in making decisions; we have a role in discussing what we would like to happen.

**The Deputy Convener:** Thank you, Susan. I welcome Douglas Duff to the meeting. Douglas,

would you like to say who you represent and make a brief opening statement to the committee?

At this point, I should apologise to the clerking team and say that we are supported today by the clerks, members of the Scottish Parliament information centre and broadcasting.

**Douglas Duff (Falkirk Council):** I apologise for being late, convener. Unfortunately, two of the trains from Glasgow were cancelled and the other was late, so I have been a bit delayed this morning.

As head of economic development and environmental services in Falkirk Council, I have been involved in the arrangements for developing the business gateway service in the Falkirk area. My written submission explains the council's decision to build what it calls a growth and investment unit that will blend business gateway with other services; it gives full details of the basis for that decision, its connection with the development of Falkirk's economy and the intention of promoting growth and investment in the area and integrating business gateway with other council services.

It has taken some time for us to get through all that; indeed, we are still in the midst of putting the service in place and we hope to have it up and running from 1 October—or next Monday. We are confident that it will be successful and that we will be able to build on it.

**The Deputy Convener:** We started off by looking at the committee's recommendation in October last year that there should be an improvement in the tendering process. Do you feel that there has been an improvement?

10:15

**Douglas Duff:** Time will tell. The new service commences on Monday and, based on the work that we have undertaken on this, we anticipate that there will be an improvement. We are looking to build on what has been achieved in the past. You will see from other submissions that we have worked closely with Falkirk for Business—it has been a successful deliverer in the area. We are looking to sustain the quality of that delivery, but add to it. In particular, we anticipate the benefits of connecting with other council services and with other economic initiatives that we are taking forward; that offers significant potential.

**Mike MacKenzie:** I have read the written evidence, but I am still struggling a wee bit to understand the rationale. Falkirk for Business seems to have provided an exemplary service. Has any other business gateway service that is provided in-house by a local authority anywhere in Scotland achieved results that are comparable

with the results that have been achieved by Falkirk for Business?

**Douglas Duff:** We recognise the quality of service that Falkirk for Business has delivered, which has been delivered hand in hand with the council. The council had given substantial support to Falkirk for Business and assisted in its formation. We therefore saw this as very much an integral part of the strategy for business support in the Falkirk area.

We are aware of the in-house delivery of business gateway by councils in other areas. I do not know in detail whether it matches the performance that has been obtained recently—performance throughout the country varies—but there are good examples. In fact, in the course of the exercise that we did we looked at good practice in West Lothian, which has been highlighted previously at this committee. We have learned from West Lothian's practice in order to bring forward our proposals.

**Mike MacKenzie:** Something else strikes me as curious. You say that the changeover is due to take place shortly. I understand that you have subcontracted the service to a company called the Roberts Partnership. There is something quite unusual about the process. If the service is to be conducted through another company and not in-house, as you had originally intended, I would have imagined that there would be a tendering process. Have you been through such a tendering process?

**Douglas Duff:** What we have done is to benchmark the activity. We know that Roberts demonstrated best value in a tender exercise that was conducted for Edinburgh and the Lothians. We recognised that to have been tested and we will use it for the purpose of putting in place the service for a short-term period, which we anticipate to be for the first three months until we staff up the new team.

The arrangements have been subject to the TUPE transfer process. We have had to rely on understanding which staff would transfer across as part of that process and to put in place contingencies if insufficient support was available as a result. We now know which staff will transfer. That information came through to us only a week past Thursday, so clearly we have had to act on a contingency basis. The Roberts appointment has been benchmarked but is short-term and will enable us to have the service up and running from next week.

**Mike MacKenzie:** You are suggesting that the contract that you have entered into with the Roberts Partnership is only for three months.

**Douglas Duff:** Yes.

**Mike MacKenzie:** Are you not concerned about the disruption? With all due respect, that arrangement seems to be overly complex. It seems that the sensible thing to do under the circumstances would be to ask Falkirk for Business to assist you for the three-month period until you are able to take the service in-house. Why did you not follow that course?

**Douglas Duff:** Part of our intention is to design and develop a new service. We have regard to the requirement to deliver the business gateway and we are maintaining the national standard, but—as I have said—we want to add to that. We have previously commissioned additional activities, and we will want to add to those as we progress the new service.

The arrangement with the Roberts Partnership is time limited, but it will give us the opportunity to learn from the different practices that it offers and allow us to develop our own. It is for that purpose that we have put those arrangements in place.

**The Deputy Convener:** Before I bring in Chic Brodie, I invite George Stevenson to comment.

**George Stevenson:** Immediately after the decision on 20 June, I sat down and wrote a paper about how we go forward from here. I laid out some suggestions for how we could work together, and indicated at that time that there was a distinct possibility that Falkirk for Business would continue as an organisation. One of the key elements was to have an independent private-led organisation working closely with the council—as set up so successfully by Douglas Duff. The business community was determined not to lose that.

I offered ways in which we could work with the council, which included filling in any gaps, but I never got any feedback on that offer. I wrote again a week ago, once we knew that there would be very few people transferring, and again said that we would be delighted to discuss how we could help the council to fill the gaps in the short term.

I now discover that not only did the council not ask us to quote—which would have been a simple matter—but it did not ask others to do so either. We would, in a spirit of goodwill, have more than likely considered, for example, doing something at cost with a small bit on top just to help out in the short term. When you are doing such work with local companies, it is extremely important and helpful to have local knowledge.

Stirling Enterprise and Ceteris, which are the partners of Falkirk Council—which is the lead council—were not even asked to quote. Ceteris is primarily a training organisation and is highly regarded in the field, yet it was not asked to quote. It is a simple matter to prove best value, but that opportunity was not taken. I am afraid that that is another example of the council not being prepared

to work with the local business community, which is extraordinary after it has done such a good job in the past of working with us to build those relationships.

**Chic Brodie:** Based on my business experience, I would never take people on under that type of contract for three months. When did the Roberts Partnership enter the frame? Was it one of the original tenderers, or has it just entered the frame? Was anything referred to the board of business gateway Scotland for guidance in those circumstances? What role did the board play, if any?

You state in your submission, Mr Duff, that there would be £140,000 of savings. Again, from my experience, hiring someone for three months is not going to be cheap. Can you confirm that you will save £140,000 under the new scenario? Will you ensure that that money is ring fenced for business gateway purposes only?

**Douglas Duff:** The arrangement with the Roberts Partnership has been introduced relatively recently.

**Chic Brodie:** How recently?

**Douglas Duff:** Within the past two weeks. The discussions leading up to that were related to our work with West Lothian Council—as I mentioned earlier, we sought to learn from its practice in delivering the in-house service as we understood that it was successful in delivering in the Lothians. As I said, we have been benchmarking for the delivery of the new services from 1 October.

**Chic Brodie:** How have you managed to do that without skills? You said that you have to train people in two weeks.

**Douglas Duff:** What do you mean by “without skills”?

**Chic Brodie:** In terms of benchmarking, how do you get people to do the job required for the next three months with no skills, because the skills have transferred, by and large, with Falkirk for Business? How will you deliver meaningfully and provide the contracted service without upskilling staff transferred from the Roberts Partnership within days?

**Douglas Duff:** The Roberts Partnership is contracted to deliver workshops and events. It does that in Edinburgh and the Lothians and we are asking it to do that for Falkirk, so that is an extension of the existing programmes of activities that it delivers in that area.

**Chic Brodie:** Who, in Falkirk, will provide small businesses with advice, business support and all the expertise that is required over the next three months?

**Douglas Duff:** In addition to the Roberts Partnership—this was not touched upon earlier—we have procured additional business advisers, who we will appoint for a short period.

**Chic Brodie:** Will you still save £140,000?

**Douglas Duff:** We are confident that we will obtain the £140,000 saving. Those savings come from the revised commissioning arrangement of the service across the Forth valley, where an allocation was secured between Falkirk and the other parts of the Forth valley for the delivery, which will save around £50,000. An additional £90,000 was identified as savings to achieve from the delivery of the business gateway and our joint working agreement activity through reduced management, administration and marketing costs.

**Chic Brodie:** Mr Duff, you are hiring additional people and you are bringing on board a temporary resource. Covering the costs will be more expensive than normal, at least in my experience. How can you say that you will save money while providing the service for that period?

**Douglas Duff:** The people whom we will engage with for that short period are not additional to the existing service—they are a part of it. We will have to employ people to deliver that service and, for the first three months of delivery, we will do that on a short-term basis. That will include temporary advisers from the Roberts Partnership.

**The Deputy Convener:** Did you get best value from the previous provider? We consider that that provider provided an exemplary service—it is the number 1 provider in Scotland and the fourth in the UK. Is your proposal intended to save money? My understanding, from reading the submissions, is that the proposals are not only about the money aspect, but about ensuring best value across the board.

**Douglas Duff:** Absolutely. Our fundamental intent has been to secure best value. The previous approach to delivering best value was brought about through a joint arrangement between Falkirk for Business and the council. That involved the council granting significant support to that organisation, which is safeguarded through the next phase. The £140,000 efficiency savings that we have identified will be redirected into business support activities. Our submission sets out that we will introduce a new business grant scheme and that we will provide additional sectoral support for business. The council has made plain that it is not seeking to achieve cuts or savings from this exercise; it is looking to sustain its commitment and support for business and to redirect that to where it is needed.

**The Deputy Convener:** You are confident that you have the necessary local knowledge to do that, too?

**Douglas Duff:** Absolutely. Our submission is clear that the council was already extensively connected with business in the area. We have 500 companies in our business properties, 2,000 food businesses that we visit day in, day out, and 600 employers signed up to the pledge to offer places for young people. We have a successful and well-connected service with business in the Falkirk area, and that is what we are looking to build on.

10:30

**Mike MacKenzie:** I have another question for Mr Duff. I understand that Falkirk Council employed consultants to review the service and to suggest improvements. The fact that you employed consultants would seem to imply that there was a lack of understanding or expertise within Falkirk Council.

**Douglas Duff:** On the contrary: it was our suggestion that the exercise be conducted by the council in partnership with Falkirk for Business. In the discussions that we had with Falkirk for Business, it was suggested on its terms that we should involve an independent consultant, which is why we appointed one.

**Mike MacKenzie:** Forgive me, but if you have a good understanding of such matters in-house, why on earth would you employ consultants to advise you on how to improve the service?

**Douglas Duff:** In our discussions with Falkirk for Business, it felt that it was worth while doing it that way.

**Mike MacKenzie:** Right, but do you not accept that if you know how to do something very well because you have an in-depth knowledge of it, it would seem pointless to employ consultants to tell you how you might do it better?

**Douglas Duff:** I would tend to agree that that makes sense. We felt that there was merit in adopting that approach, but it was suggested that, for the purpose of giving assurance to the wider business community and the people who are involved at Falkirk for Business, an independent consultant be used, and that was the route that we adopted.

**Mike MacKenzie:** Do you not agree that, given that we have heard of the exemplary performance of Falkirk for Business, it seems a very tall order indeed to suggest that, in-house, you will be able to provide a better service and make a highly significant saving in percentage terms?

**Douglas Duff:** I accept the challenge that exists, but the council is not looking to shirk that challenge. It is a case of recognising the state of the economy worldwide and within Scotland. Falkirk likes to think that it can punch its weight and that it has more to contribute to the nation's

economy. We have been developing a tax increment finance project, which involves an anticipated £70 million of investment in infrastructure.

**Mike MacKenzie:** With respect, I have read about that and I am not quite sure how it connects with the business gateway service. I commend you for that work, but what I am concerned about is the fact that we have a situation in which, as you have just admitted, you did not know enough in-house about these things to provide reassurance for stakeholders, so you employed consultants to tell you what to do. Then—

**Douglas Duff:** Convener—

**Mike MacKenzie:** Just let me finish. You felt that not only would you be able to provide a better service, you would be able to do so at a significantly lower cost. However, it transpired that you could not do things in-house and you had to go out and subcontract the work to another organisation. You will forgive me for coming to the conclusion, as any reasonable person would, that you have made a bit of a mess of this.

**Douglas Duff:** I contend that the opposite is the case. We made the suggestion that we should conduct the review ourselves, and we believed that we had the skills to do that. That exercise could have been conducted quite readily.

When it comes to the setting up of the service, the arrangements that we have are short term. I am confident that we have a service that will hit the ground running on Monday. Our arrangement with the Roberts Partnership gives us that reassurance. I am content that, from Monday, we will have in place business advisers who have experience of delivering the service.

The additional benefits that we set out in our submission must be recognised. The service will provide integration with other council services. In doing so, it will match the overall ambition that was set out by the cabinet secretary when the announcement to transfer the business gateway to the local authorities was made.

The structure of the business gateway and how it will sit with other parts of the service is set out on page 4 of the submission, where the main functions of the unit are listed. We have a team to deal with economic initiatives, we have the business growth team—which, as well as the business gateway, has additional activities to deliver—and we have an investment team that will deliver the TIF initiative. We see this as an integrated growth and investment team; it is bigger than the business gateway but we feel that it respects the potential in Falkirk's economy.

**John Park:** Mr Duff has talked about the structure surrounding wider economic support, but

I wonder whether he can say something about accountability. After all, a question that strikes me is where business gateway sits within wider accountability structures and Falkirk Council's economic development measures. What does that accountability look like?

**Douglas Duff:** Accountability for business gateway will come through measurement of the service's performance, which means that we will have to feed in reports to the national unit to demonstrate that targets are being met. We will play our part in the national network to ensure that we learn from good practice across the country and maintain quality of service. We will also report regularly at council committee meetings on the performance of not just business gateway, but other parts of the team. We see this as a collective goal and an opportunity to join up what has been achieved with business gateway with other services.

As for wider accountability to the Falkirk business community, I should mention the Falkirk business panel, which we are sustaining through this exercise. That very simple tool provides a means of connecting with businesses in the Falkirk area and entitles any such business to find out what is going on in the economy. We will also use the panel to report on business gateway's performance.

**John Park:** Mr Stevenson, you have made clear your frustration with the process and, indeed, its outcome. Why do you think that it happened that way?

**George Stevenson:** As Mr Duff said, we suggested to the council that there be an independent review because we felt that the council, having declared a very firm interest in taking the service in-house, would find it impossible to arrive at a decision that would be seen as independent. In January, therefore, we suggested that it use EKOS, which has a lot of experience in this work. We were confident that EKOS would take a structured approach to such a review and have a clear methodology that we would all take a share in, understand and accept and that we would go into the process together on an equal footing, share the results and allow all that to go forward as something that we were comfortable with as a balanced view.

However, our suggestion was rejected and it was only in April that a consultant, about whom we were not consulted, came in. They had no methodology or structure and we were not involved in any way in drawing up the consultation process's terms of reference.

Those who have read the consultant's report and the council's own report will see that a £140,000 figure for savings appears everywhere.

Although we submitted information showing that we could deliver savings in excess of £200,000, it appeared nowhere in those reports. It is fundamentally clear that if Falkirk Council had had to enter a tender process, it would have come absolutely nowhere. It has no evidence to support a best-value tender and, in our view, the consultant's report is a travesty. I find it deeply upsetting to see a process manipulated in such a way.

**John Park:** What next for Falkirk for Business? What are your plans? You still exist as an organisation, obviously.

**George Stevenson:** Yes. The paper that I prepared for the benefit of the council is based on the assumption that, if the council is to work with the business community, we must find a way of working together. There are some clearly laid out processes for the delivery of the core aspects of business gateway. That is driven by demand. People come to the business gateway, wherever it is, seeking help and advice on start-up. That core service could be delivered in a council framework. I do not have huge problems with that.

There is, however, a huge need for someone to work with the wider business community to grow businesses. Businesses that have got through the start-up phase and are having to start to employ people encounter all sorts of barriers. Delivering wider support at that stage will bring added value by helping companies to avoid going out of business. We enable them to get support from other businesspeople through mentoring, working together and so on. We were doing all that through the business gateway, some of it funded, wisely, by the council, in terms of a joint-working agreement. We had all those elements in place, and there is still a need for them.

We said to the council, "Fine. You deliver the core business services and work with us, and we will do what we do well, which is use our network and the power of the private sector." There are some fantastic people on the board of Falkirk for Business who have all given their time freely to support the business network.

**John Park:** Will that continue?

**George Stevenson:** No. The council has made it absolutely clear that it will not involve us in any delivery of service.

**John Park:** Yes, I understand. However, Falkirk for Business is still there as an entity. What will it be doing?

**George Stevenson:** We will continue to expand the services that we provide for local businesses through the delivery of a chamber of commerce—

**John Park:** And those services will complement what the council is doing, not be in competition with it.

**George Stevenson:** That is correct. We do not want Falkirk Council to fail in this area. We want it to succeed and we want to work with it. We have accepted the decision, even though we are deeply upset by the process that was undertaken. We are businesspeople and we accept that that was the decision. All that we are interested in doing now is making the best of what we have got. However, we do not seem to be welcome to participate.

**John Park:** You will fund your work by selling business services.

**George Stevenson:** Yes, it will be a membership organisation—

**John Park:** Like a chamber of commerce.

**George Stevenson:** We are moving to a position where we are seeking funding from the private sector. Apart from enabling the governance—because governance is key—the great value of what Douglas Duff set up was that it was private sector-led, which encouraged people to come in, because they felt that they could make a difference and get on with the job of delivery without getting bogged down in political issues.

There will, however, be a membership whereas, with the funding from the council, everyone was involved. It was an extremely efficient way of getting business support and services to everybody.

**John Park:** But, going forward, you will work in partnership.

**George Stevenson:** We will do our best to do so. We will have to start again. In my view, we have gone back five years. We will have to work out how to build ourselves up again.

**The Deputy Convener:** Susan Love, do you have any comments on what you have heard so far?

**Susan Love:** One of the strengths of the system that we highlighted previously was that a lot of the enterprise trusts and other bodies that were delivering the service brought to the process a lot of experience of working in the local area for a long time and a knowledge of local businesses. That is invaluable. It would be disappointing to lose that through the process of taking the service in-house. That is not to say that delivering the service in-house is necessarily bad, or worse than having it delivered by someone else, but there is a risk that the experience that some of the enterprise trusts and other bodies brought to the table could be lost if the staff do not transfer to the council.

Having been aware of a lot of the good stuff that was happening in Falkirk, I am disappointed to see how things seem to have turned out.

10:45

**Chic Brodie:** I will move on, but I will make one final comment on the issue. I use this phrase regrettably, but something stinks. The situation is not good for the business community. Despite your best will, Mr Stevenson, you will end up in competition. There is no question but that the relationship has broken down. You will end up in competition, which is not good for the business community in Falkirk or Scotland. I suggest that an early meeting on roles and responsibilities and how you will work together would be appropriate.

I move on to Karen Yeomans. I speak as someone who lives in Ayr. I believe that, under the previous contract, South Ayrshire Council and East Ayrshire Council contributed to North Ayrshire Council, which then contracted with the GO Group in Glasgow. We were looking for something slightly different, to ensure that local authorities were held directly responsible for the outcomes and targets. Under the new contract, how will the scenario work and how will things be different?

Previously, although there was good will on the part of the business gateway people on the ground, I did not find the system to be particularly effective, because the GO Group is based in Glasgow and does a lot of work there, so its presence in South Ayrshire, for example, was not particularly strong. How will you achieve that? Will the contributions from South Ayrshire, East Ayrshire and your council be ring fenced so that there is appropriate allocation to those areas?

**Karen Yeomans:** I will start with that latter point. Our funding for the business gateway is ring fenced. We receive the total amount of money and we then contract with the provider—it will be a new one from next week. All the funding is ring fenced and is there to work on behalf of the three authorities, on an equal basis.

We have just gone through a procurement process and, as a consequence, we are changing provider. We have considered carefully how that provider will work. In my view—this is perhaps where a fresh pair of eyes will be useful—we will need to ensure that the three councils work together collaboratively. Each authority offers some in-house business support services, although not a gateway service, and those vary slightly across the authorities. We need to work together to ensure that those services are as effective as possible, but we also need to work with the new provider, Lanarkshire Enterprise Services, from 1 October. We have co-ordination

across the three authorities. That needs to be in place and to continue to improve as we look to deliver the service. We need to work closely with Lanarkshire Enterprise to ensure that it provides the most effective service possible for all three authorities.

**Chic Brodie:** Will each local authority get the effort from Lanarkshire Enterprise in proportion to the contribution to the central pot, which you manage?

**Karen Yeomans:** Absolutely. We manage the central pot, and the contribution is shared equally across the three authorities. It is our job to ensure that Lanarkshire Enterprise does the job that it needs to do, and we will look at that robustly.

**Chic Brodie:** I will go beyond that if I may and come back to the involvement of the business gateway board of governance, because that will be relevant to our discussion with the next panel. In relation to Lanarkshire Enterprise, who sets the outcomes and targets for each individual council area and who monitors that? A similar situation to that in Ayrshire exists elsewhere. Have we moved away from the measurement process that we talked about last year, which involved the number of events and turnover, to a measurement process that involves survival and birth rates, which are more important?

**Karen Yeomans:** We have the responsibility for monitoring. My background is from the west midlands, where monitoring and evaluation are important components to ensure that an external service—or indeed an internally delivered one—is delivering. There will be regular monitoring of the contract to ensure that Lanarkshire Enterprise is delivering. We will also work collaboratively to ensure that any improvements that need to be made are made and that all three authorities are achieving what we need to deliver.

The three local authority area economies in Ayrshire have some commonality, but they also have differences. Since the previous contract period, one benefit has been more local flexibility in the business gateway service to determine each local authority area's precise requirements. We wanted to and have been able to achieve nuances.

In our monitoring framework and in what we have set down for Lanarkshire Enterprise Services to achieve, we have—from a local perspective—still not quite got some of the output and outcome reporting framework right. For example, job creation, job safeguarding and the longevity of jobs—their survival beyond 12 months—are really important for us in North Ayrshire. We simply do not have enough jobs in the North Ayrshire economy. However, we do not measure those aspects through the national framework

agreement; we are having to put in place the ability to do that locally.

**Chic Brodie:** I can imagine how you are feeling with a heavy cold, so I applaud you and say well done for being here.

What guidance has the national body given to achieve consistency, so that—with not too much experience—we can look at meaningful measures? Has the business gateway Scotland board given clear guidance in the framework for contracts across the nation, to achieve consistency and ensure that we know relative and relevant performance? Are targets set on issues such as sustainability and the environment?

**Karen Yeomans:** There is consistency, which is welcome, so comparative judgments can be made. My point is that I understand that some key measures still have not been put in place nationally and that we will have to pick them up locally. Measures on job creation, job safeguarding and job longevity post-12 months are simply not there.

A key measure for my local authority—the number of jobs that we create—is not in the national perspective. Measures on new firm formation, survivability, turnover and events—that is simply an input measure—have been included, but an important measure in our local economy is the number of jobs that we create. We have had to target Lanarkshire Enterprise Services to ensure that it will produce the data that will allow us to focus on and understand such matters.

Negotiation is involved, and we have had local flexibility for that, but it is slightly surprising that—as I understand it—a key measure such as the number of jobs created does not appear to have made its way into the national framework. I say that because, as I have come into post, we have looked at the economy's needs, the local authority's role, the programmes that we have in place and how we complement the many other organisations that are involved in economic development in North Ayrshire. We need to have a basket of measures that enables us to look at that.

As I said, job creation is the fundamental objective of our economic strategy. When I report to members and wider audiences, I need to be clear that we understand precisely what we are doing and that we know whether we are achieving our aims and whether our programmes need to develop to meet circumstances.

**Chic Brodie:** I agree and I understand.

**The Deputy Convener:** Have you made representations to the business gateway Scotland board about the issues that you raise?

**Karen Yeomans:** I am too new in post to have done that but, if I get the opportunity, I will make

the points, because they are important to me. I have not had such an opportunity yet.

**Chic Brodie:** Thank you for your frankness. That raises some issues that we can explore with the next panel of witnesses, as there was supposed to be consistency.

I have one last question, which is for Susan Love. Earlier, we talked about your involvement in discussions but not decisions. With regard to important third parties such as the FSB and Social Enterprise Scotland—by the way, we need to find out whether members of those organisations are now on the board of business gateway Scotland, as was requested—do you feel involved in decision making and target setting, falling in line with what we believe to be the national economic strategy, which Scottish Enterprise has driven? Have you been involved in decisions, not just discussions?

**Susan Love:** No. The stakeholder group has no role in decision making around business gateway. We express concerns and discuss issues, but all those decisions are taken by the board, and we are not represented on the board.

**Chic Brodie:** You are not represented on the board.

**Susan Love:** No.

**Chic Brodie:** And there was no request from the board to have you represented on the board.

**Susan Love:** No.

**John Park:** Chic Brodie has raised a relevant point about how you might influence wider policy. The FSB is obviously engaged with the Government at a range of levels. What would be the perfect scenario for an organisation such as yours in terms of influencing not just wider economic development policy, but the sort of decisions that are taken around business gateway? Do you have a preferred option or a policy position on that?

**Susan Love:** In the past, we have indicated that we would like to be more involved and if business gateway had considered opening its board to stakeholders, that would have given us an opportunity to get in about some of the operational discussions that we are not involved in at the moment.

There is a desire to keep the policy making around how business gateway operates separate from stakeholders. Also, as I outlined in our submission, the moves to set up closer working between local and national Government on economic development concern only the delivery side; there is no opportunity for us to get involved in that. That is a shame, because our position allows us to notice different services that are being

delivered around the country and see good and bad practice and what works and what does not work. At the moment, we do not have an opportunity to highlight that knowledge beyond using the business gateway stakeholder group as a forum where comments can be made and concerns can be raised.

**The Deputy Convener:** Earlier, Karen Yeomans mentioned some of the difficulties with regard to changing the contracts—TUPE agreements and so on. Are they a barrier? We are dealing with people, obviously, and people have grave concerns about transferring from one job to another.

**Karen Yeomans:** Yes, and coming in fairly late in the process and having dealt with a number of contracts where TUPE issues have applied, I was concerned to ensure that the service passed from one provider to another as effectively and efficiently as possible. I was particularly concerned about the people issues, because, ultimately, it is people who provide the service, and they need to be motivated, resourced, trained and developed.

In Ayrshire, the new provider is welcomed by staff and people are moving in a constructive way to that new provider, as they see the new provider providing training opportunities, opportunities for future employment and opportunities for career enhancement and development. A small number of people might take a redundancy package but, in a time that has the potential to be tricky and uncertain, the fact that people seem to be moving across smoothly is a hallmark of the way in which the new provider is working.

We are monitoring the situation closely to ensure that the provider is doing what it says that it is doing. Obviously, the next few months will tell whether that has really been achieved. However, given that I felt a degree of nervousness when I saw what we were going to be doing, I now feel that the people side of things is progressing better than I would have hoped. That does not mean that everything is easy; it means that there has been careful planning and that there are opportunities for dialogue and communication.

11:00

**The Deputy Convener:** Are you suggesting that there should be an extension to the transition? The new contract starts on 1 October.

**Karen Yeomans:** No, I am not suggesting an extension. They start next week.

**The Deputy Convener:** It is just that you talked about “the next few months”.

**Karen Yeomans:** I am talking about the months that have gone by up to this point.

**Chic Brodie:** I have one last question. One of the committee's recommendations was to embrace and integrate business support activities across other council services. We have some important bills coming down the line—a community empowerment bill, a procurement bill and a town regeneration activity bill. What thought is being given in the setting of the contracts to allow you the flexibility to engage with third sector social enterprises to address, along with other council services, the greater involvement of the business gateway and social enterprises in the provision of the services that will be required, particularly under the proposed procurement bill?

**Karen Yeomans:** Social enterprise is an important feature of our offer, and we want to enhance the way in which we work with social enterprises. We have a number of on-going programmes and initiatives, and we will probably do more. It is an important part of what we want to do and what we are doing, and I see nothing in the business gateway service—or, indeed, our own offerings—that would preclude that.

For us, it is a matter of looking at the challenges in the economy and seeing how we can work best with our Ayrshire colleagues and the providers that we have—in this case, the business gateway—to respond to and meet those challenges. As I say, I see nothing that will prevent us from doing that, although it will take hard work and perhaps some innovation from us.

**George Stevenson:** There is a requirement to have the business gateway embedded in the council to improve relationships with other areas of delivery. It took 10 years to build up the relationships to a level at which we could achieve that. It is hard work, but it can be done.

Independently, the International Futures Forum looked at the work that we had done to build up the relationships between the senior levels of the council and business, and it said that it was the most outstanding example of a public-private partnership that it had ever come across. That was wonderful—it was one of the highlights of my business career, which is threatening to come to its lowest point right now, sadly.

That work can be done, but we should not think for a minute that it is easy. We have to work at the relationships. However, if the relationships exist, it is easy to ensure that there are connections to all the workings in the council. It is based on relationships—you cannot just make it happen.

**Chic Brodie:** Can we ask Douglas Duff to respond to that, convener?

**The Deputy Convener:** Before I ask Douglas Duff to respond, has any other member got any questions for the panel? If not, if the witnesses

have any closing statements to make we would like to hear them. We will start with Douglas Duff.

**Douglas Duff:** Returning to the last question, the whole design of our new growth and investment service respects the agenda that we perceived to be coming through the Parliament. It builds on the intentions set out initially by the cabinet secretary of empowering local government to take the challenge on. We believe that we can do that successfully. We have a good track record on delivery in other parts of our service that support business, and we are confident that we can do it through this exercise.

When it comes to support for social enterprises and other parts of the business community—whether in retail or tourism—we have extensive connections and will look to build through the connection of the business gateway with other parts of what the team delivers.

We are very confident that we can respond to the measures that are coming through from the Parliament. The proposed better regulation bill, which is currently being consulted on, is a tangible example of that and one that we hope to build on.

We are confident and we expect that we will get through the immediate period to get the service established. As for next year, we hope that we will have some major initiatives. I mentioned TIF, because that is the key new project for Falkirk that we aim to bring forward. We want to see our support for business come in behind that, and we are confident that that can be achieved.

**Karen Yeomans:** The key for me is a very proactive relationship between the partner authorities and our gateway provider Lanarkshire Enterprise Services. We have the spirit of that coming forward. The process has got us to the point where I look forward, from next month onwards, to that proactive relationship. If it pans out how I hope it will, we will have in place a better service for the businesses of Ayrshire.

We need to keep a firm eye on what is being provided and ensure that it is targeted to the requirements of the three Ayrshire councils. We are having to put more work in to the framework and the monitoring of it to ensure that that happens. The key is the proactive relationship. We cannot assume that it will happen—we have to manage it proactively.

**Susan Love:** I will recap where we are, from an FSB point of view. The process of getting here has left a lot to be desired. We have made a number of points about what we would like to see in new contracts, particularly around how we support existing businesses. We might not be hitting growth criteria, and I hope that that will be reflected in the new services.

We have seen some encouraging signs from a number of local authorities. They seem to be taking on board the message about using business gateway to better integrate a range of council services that businesses could use, but it is too early to tell how well that will work out and whether the good ideas will come to fruition. We look forward to seeing what the individual local contracts and the services will look like. There is a wider question of how we ensure that we share best practice on local economic development, because the business gateway is only a small part of that.

**George Stevenson:** Falkirk Council has been exemplary in the larger-scale economic strategies, and it is very good at them. Unfortunately, it seems to have a blind spot about elements of the way that things are structured—the governance—its engagement of the private sector, the accountability it takes on, and the delivery through its networks.

One example is having a banker, a leading solicitor and accountants on the board. Those people are working with all the businesses—they are their clients, day in, day out. There is a natural network of engagement and it works extremely well. There is a huge risk in assuming that that can be carried into the public sector. From other experiences of trying to work in advisory groups in the council, we know that, without decision making and accountability, those people—who are busy, busy people—get frustrated and lose interest. In that situation, a group can become a talking shop and the engagement of the private sector, which has been the powerhouse behind the success story, is lost.

All I can say is that I would be delighted to come and share all that we have learnt through the process. It is an outstanding example of best practice and I would hate for it to be lost. We may have lost the opportunity to deliver it in Falkirk, but I would hate for Scotland to have lost the opportunity to gather that knowledge and use it in the future.

**The Deputy Convener:** Thank you. On behalf of the committee, I thank the witnesses for their time, for providing us with the opportunity to ask them questions and for their frankness.

11:09

*Meeting suspended.*

11:16

*On resuming—*

**The Deputy Convener:** I remind everybody to ensure that they have switched off their mobile phones.

I welcome our next panel of witnesses, who are Hugh Lightbody and Jim Galloway. I ask them to introduce themselves, say which organisation they represent and give a short statement.

**Jim Galloway (Scottish Local Authorities Economic Development Group and Business Gateway Scotland Board):** I am a member of the business gateway national board and vice-chair of the Scottish local authorities economic development group. I should explain that the chair of SLAED, Alex Anderson, is recovering from serious health issues and cannot be here today, and the chair of the business gateway board is returning from China. My day job is head of enterprise and innovation with the City of Edinburgh Council.

**Hugh Lightbody (Convention of Scottish Local Authorities):** I am the chief officer for the business gateway national unit in the Convention of Scottish Local Authorities. Jim Galloway will make the opening statement for us both.

**Jim Galloway:** In 2007, Mr Swinney announced the transfer of the business gateway to local authorities. I think that he had two main aims in that. One was for the business gateway to align more closely with the other business-facing services that councils provide and with councils' general economic development activities. The second was for the decision-making process to happen at local level and the business gateway to respond better to local needs and be flexible in changing economic circumstances. The transfer took place in 2008, and I cannot tell you how rapidly changing the economic circumstances were at that time.

Just prior to the transfer from Scottish Enterprise, that body had completed a process of recontracting. Therefore, in 12 delivery areas, the local authorities inherited contracts that were to run for four and a half years. To an extent, those arrangements put in place limits on how much we could change the programme. However, the evaluation in 2010 and this committee's inquiry in 2011 found in general that some advantages had been gained from the transfer to local authorities, and we received some positive feedback from the business community at that time.

Since then, we have introduced further flexibility in consultation with the business community, including the new sub-growth pipeline to look at modest growth in small businesses. The current contracts end at the end of this week. The 2012 recontracting process has given us a further opportunity to consider at a local level how best to provide those continuing services.

The business gateway Scotland board, with SLAED and COSLA and in consultation with the business community, devised a nationally agreed

service specification, the aim of which is to ensure the integrity of business gateway's core project and ensure that its brand as a national programme remains strong. It is important to note that it is the service specification that has led and informed the recontracting processes in each area.

Regardless of the chosen delivery mechanism, the national specification ensures that business gateway will remain a national programme but allow local flexibility. As the Cabinet Secretary for Finance, Employment and Sustainable Growth, Mr Swinney, intended, local authorities have had the opportunity to decide how and by whom the service is to be delivered. Some have contracted out the whole service, some have contracted in part, and others have brought the service fully in-house.

I believe that the contracting process has gone smoothly in the majority of cases, but we heard earlier in the meeting that one has perhaps not. However, I am sure that in all cases the process has complied with local authority rules and regulations on best-value and transparent procurement processes and procedures. COSLA, SLAED and the business gateway board have kept a watchful eye on the process, without intervening in local decision-making processes. The business gateway network is working together well to ensure that the transition is as smooth as possible and that the service will be available across the country on 1 October.

**The Deputy Convener:** Thank you. I will kick off questions. Do you think that the consultation process was as broad and encompassing as it should have been?

**Jim Galloway:** Yes. After this committee's previous input on the issue, we broadened the consultation range. We went through a due process that meant that some of the people whom we wished to consult had an interest in the contracts. When we were putting together the broad service specification, it was important that we maintained the confidential nature of the process. Once we had agreed matters nationally through the board and the stakeholders' group, we were able to consult further. However, we must decide what we want first before speaking to partners who would have an interest in delivering the service.

**Hugh Lightbody:** As part of that process, we produced a prior information notice in November on our early thoughts about what the service specification would be, and we undertook a procurement process through the *Official Journal of the European Union* in which we invited anyone who had an interest in the process to come along and make an input to it. That opportunity took place on 18 November. As Jim Galloway said, we had discussions with partners and stakeholders

from September up until we developed the specification.

It is important to reflect on a piece of work that this committee considered further back, which was the gap in business support services. A piece of work was pulled together last year in consultation with a wide variety of partners, including the Federation of Small Businesses in Scotland and chambers of commerce, on the gap in business support services. Interestingly, that piece of work did not find a gap. We are therefore reasonably comfortable that, through the evaluation, the consultation work that we have done and the gap exercise that took place at the tail end of last year, the business gateway service, in conjunction with all the other support services, is fit for purpose and will do what we want it to do.

**Jim Galloway:** The specification was not put together in isolation but informed by the evaluation, which was carried out independently by a duly appointed consultant. Stakeholders were consulted broadly on that evaluation and gave very honest feedback, which shaped the specification. We then went to consultation on that.

The meetings of this committee that resulted in some recommendations came at the mid-point of the process, when we were completing the evaluation and putting together the specification.

**John Park:** You will be aware that the Scottish Government is introducing a procurement bill, which it is hoped will provide opportunities through the procurement process to emphasise community benefit and things like that. What changes could be made in the Scottish Parliament or by the Scottish Government to improve the procurement process, not only for you but for the organisations that are engaged in it?

**Hugh Lightbody:** A lot has already been done on procurement, and we welcome the broad thrust of the procurement bill. In local government, the supplier development programme has encouraged small businesses to access opportunities in public sector contracts.

When I worked for Stirling Council, we ran a European programme to assist construction companies to try to win more business and public sector contracts. It was about improving their skills and their ability to win the business, and giving them the confidence to go through the tendering processes.

Another aspect concerns promotion, in which the Parliament could engage. One issue for very small businesses is the difficulty in winning the bigger contracts because of their size. There is perhaps an opportunity to do more through Co-operative Development Scotland, for example, on collaboration and working more co-operatively.

This is the year of co-operation, and it would be good to have more support and messages around how small businesses can work together to win public sector contracts.

**John Park:** The business gateway procurement process that you have been through is based on current legislation, which is limited in some ways. Could the process be improved through legislative changes to provide greater opportunities for organisations that want to deliver their services through business gateway?

**Jim Galloway:** It is insightful of the Parliament and its members to recognise that a review of procurement legislation is required. I am not a procurement expert, but I have a team who advise me on procurement processes, and they have worked hard to make the process as painless as possible. Any simplification of the process would be very helpful.

As local authority buyers, our hands are often tied by the regulations. We would love to be able to provide more opportunities for small businesses and local businesses, but if we go on to the *OJEU* site we automatically have to open up the field Europe-wide.

In simplifying the process, it is essential that we maintain transparency, fairness and honesty. Anything that made it simpler for me as an officer to make decisions quickly would be helpful. Business gateway is a huge national programme, and there is an element of local decision making to go through. The board and the elected members have a role in driving the policy and strategy for that and in responding to the Parliament's wishes, hopes and aims for the programme.

Because of those things, we started the process at the earliest possible juncture. We sent out information from the board and the national unit to local authorities as early as last November in order to get the process in place, because we, as officers, know how long that can take. It has taken nine months to go through the process because it is so cumbersome. It is not necessarily complex but it can be cumbersome and take a long time.

11:30

**Hugh Lightbody:** It is also worth adding that the scale of the contracts in the business gateway procurement process is such that they have to be notified at European level. I am not sure what more can be done within the Scottish context when we are faced with European Union legislation that we have to comply with first.

**John Park:** Obviously the Scottish Government feels that improvements can be made, which is why it has proposed a procurement bill, and we are talking about how we weight things,

aggregation and so on. That might not be completely relevant to the process that you have been through, but it is certainly relevant to the companies who might want to engage in procurement in future.

I presume that you heard some of the earlier evidence. It would seem that, without making the process more cumbersome, quite a bit of expectation management needs to be done for the organisations that have not been successful. Is there any route for some sort of remedy in the process so that people can challenge decisions? Could improvements be made, or is it just the nature of the game and that people have to get their heads down and get on with it?

**Jim Galloway:** The decision on who delivers the service and the model for the service should be taken at local level. The board and national unit have provided guidance through the national specification and we have kept a watchful eye on the process. Where necessary, we have provided further advice and support.

The Falkirk situation is as it is. Officers and staff in the neighbouring areas in West Lothian and my own area of Edinburgh and the Lothians are helping out with support. The role of the business gateway board and national unit is to ensure that, as far as possible, the process is smooth and that the local authorities have all the information that they need to make a decision. Where necessary, we ensure that the national programme will be delivered. We have helped Falkirk in that way recently.

**Mike MacKenzie:** Last year, when the committee was undertaking a fuller inquiry into the business gateway, we heard that there were real concerns about the patchiness of the service that was being offered. This morning, we heard from Falkirk for Business about the exemplary service that it provided in its area, but in other areas, the feeling was that the service that was being provided was not as good or that there was scope for improvement. Have you taken any steps to address the patchiness of the service?

**Hugh Lightbody:** We do not recognise that there was patchiness. We recognise that there were differences in performance across Scotland, but those were principally due to different economic circumstances in different areas. As I said when I came to the committee the last time around, we do a piece of quality assurance work every month. We consult and survey customers of the service, and we find out what they thought of it. The customer satisfaction rate is consistently running at 86 per cent, so we are comfortable with the service that is being delivered.

**Jim Galloway:** Each of the 32 local authorities and the COSLA leaders group, which represents

all 32 council leaders, have signed up to and accepted the new service specification. The new governance structure that will be in place with effect from next week provides for a national group of managers who will oversee things and make sure that there is consistency. It is Hugh Lightbody's role as head of the national unit to ensure that, when statistics on performance, outcomes and outputs come through, they are fed into the management group—

**Chic Brodie:** Sorry, but may I interrupt?

One of the committee's objectives when it last looked at the issue, in September 2011, was to reduce the structure. Frankly, I do not know why there is a national structure and a business gateway board when the thing was meant to be decentralised to local authorities. You are now telling me that another group of managers is watching the process and that a national unit is looking at performance. Why can managers not do that? Why do we need a national unit?

**Hugh Lightbody:** As we explained the last time around, the function of the national unit is to provide national marketing for the business gateway service. The business gateway is a national brand: the service is delivered locally, but the brand is national. The business gateway therefore requires national marketing, and the national unit's function is to provide that marketing. Performance reporting and quality assurance all happen at a national level, because it is a national programme.

When we talk about governance, we are essentially responding to a couple of things that have happened in the last nine or 10 months. Susan Love mentioned that we must recognise that the business gateway is only one element of business support in Scotland. One development that is taking place, for which we have got agreement through the Government and COSLA, is the creation of a partnership board—a forum—that brings together all the local economic development agencies: Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, local authorities and so on. The function of the partnership board is to debate and discuss wider economic development issues.

In recognition of that, we are changing the structure of the business gateway board. Scottish Enterprise, HIE and so on are represented at that level and are already represented among the external stakeholders, so we are taking the opportunity to change the board into what we have described as a management group. That group has representation from the senior managers in local authorities who deliver the service, which gives us the opportunity to ensure that there is consistency and that a quality service is provided.

**Mike MacKenzie:** Convener, I appreciate Chic Brodie's helpful question, but can I get back on track? I raised the point that patchiness is an issue. Hugh Lightbody has got me on to the track that I intended to go down, around national performance, local performance and target setting. How are the targets for each area set?

**Hugh Lightbody:** That issue was touched on earlier. The question was asked, but I do not know that it was necessarily answered. Target setting happens locally, as the lead local authorities set the targets for their area.

**Mike MacKenzie:** That takes me on to a concern of mine. If you read the committee's report, you will know that it is concerned that the targets set in the Highlands and Islands region, in particular, were perhaps too low. The historical situation with regard to gross domestic product per capita has changed completely. Historically, the region had lower GDP per capita but it now has higher GDP per capita—perhaps because of new opportunities that have been provided by renewable energy and so on. In that context, the targets for the region seem very low. That is unfortunate.

It seems to me that there must be national oversight of target setting to ensure that the targets are properly aspirational. Otherwise, the business gateway is not doing the job that it was designed to do. Can you comment on that?

**Jim Galloway:** Yes. My response will perhaps also answer Mr Brodie's question.

The issue that you highlighted is why we need a national coming together of the managers who are responsible for the business gateway—such as me: I am the service manager with budget and management responsibility for the delivery of the business gateway in Edinburgh and the Lothians.

The new grouping brings together those managers so that we can discuss and agree targets that are relevant to the local economy and are aspirational. The targets are collated to provide the national targets for the business gateway, and we provide them to our local councillors and COSLA so that there is political oversight of and agreement to them. I assure you that if the local councillors or the COSLA grouping feel that the targets are too low, they let us know and we have to go back and review them.

That is why the local programme feeds up into the national managers group. That group is not another layer of governance; it is just the managers coming together to agree the targets and ensure that they remain part of a national programme.

**Mike MacKenzie:** I return to Mr Lightbody's reference to the customer satisfaction survey. The

committee previously expressed concerns about the methodology that had been employed for that survey. The process that has been described seems pretty subjective and anecdotal rather than there being a rigorous methodology that seeks to impose some rationalism on target setting.

**Jim Galloway:** Perhaps I am not explaining it fully enough. The national specification—which was based on the evaluation and included feedback from the committee and stakeholders—determines the process by which local authorities are guided to set their targets. They have to do that in full knowledge of the area's performance and the aspirations and economic strategy for it.

**Mike MacKenzie:** This is perhaps not the place to go into the matter in detail, so will you provide the committee with written evidence that details the methodology that is used for target setting? It is extremely important that the targets be properly set. Obviously, they must be realistic, but they should also be aspirational. We cannot improve things unless we set targets that are at least slightly challenging.

**Jim Galloway:** I would be delighted to do that for you. I will ensure that you get that information.

Through the local council committee process and through Hugh Lightbody's national unit reporting into the COSLA group, which consists of council leaders, the politicians provide us with a check and balance on whether the targets are realistic and stretching.

We will provide full information about the methodology.

**Mike MacKenzie:** When the committee considered the matter previously about a year ago, there was consensus that, to a degree, the business gateway operated in a way that was analogous to my setting myself a target to do nothing today, being able to announce by 8 o'clock that I was already close to achieving the target and filling out a customer satisfaction survey that suggested that I was entirely happy with the whole thing.

There is a self-referential aspect to the process, in which everybody gets a great report card and everything is wonderful. However, having taken quite extensive evidence, the committee's feeling a year ago was that everything was not wonderful. I am concerned that there does not seem to have been much progress at all in addressing those concerns. The answer to that would be a robust methodology for target setting and an analysis of performance, which would obviously include a customer satisfaction survey. Do you agree with that?

**Hugh Lightbody:** I do not agree with that at all. The start-up service is one of the principal

services that the business gateway exists to provide. Over the past two years, we have achieved levels of performance in assisting start-ups above the targets that we have set. I emphasise that we have achieved a better performance than the target.

**Mike MacKenzie:** The point that I am trying to make is that perhaps the targets are far too low. In the area that I represent, and therefore know well, a number of sources have suggested to me that the targets that have been set are far too low.

**The Deputy Convener:** I think that you have made your point.

11:45

**Jim Galloway:** May I make a quick point? The service was handed over to local authorities to make decisions, which means that the elected members are our check and balance. The elected members are petitioned by businesses and all sorts of people in the community and are quick to tell us if we set targets that are too low. If we try to pull the wool over anybody's eyes on performance, the elected members are quick—certainly in Edinburgh—to notice that and we do not get away with it. That process comes through from the local decision making and the management group, which makes decisions and reports to elected members.

**The Deputy Convener:** I am sure that Mr MacKenzie sets himself aspirational targets that are never as low as he suggested.

**Chic Brodie:** Mr Lightbody, you just said that you believe that the performance of the business gateway has been good when it comes to start-ups. As much as I may respect your opinion, I respect much more the opinion of Sir Tom Hunter, who said at the business in the Parliament conference that we have manifestly failed to create enough start-ups. We create 36 start-ups per 100,000 population. Frankly, that is appalling.

It comes back to the issue that my colleague has just addressed. It is about not just start-ups but, more importantly, survival rates. Have you moved away from your previous spurious measures, such as the number of events held? What hard, concrete, job-related targets have been set? Who is setting them? How are they being monitored? What are the consequences and penalties of not achieving the targets?

**Hugh Lightbody:** The business gateway is a universal service—it is for any business, of any size, in any sector, anywhere. It would be impossible for us to set a target for the number of jobs created because we do not know until we work with them which businesses we are going to be working with, what projects those businesses

will undertake and what their achievements are going to be. Those achievements may not be about job creation; they may be about new product development or getting into a new market. It would be very difficult for us to sit here and say that we could set a target for X number of jobs.

**Chic Brodie:** But you have just rewarded yourselves for achieving targets that you have set.

**Hugh Lightbody:** Indeed.

**Chic Brodie:** You cannot win both ways.

**Jim Galloway:** The targets are tied in with local economic strategies. I can speak confidently for Edinburgh, where we have just launched a new strategy for jobs, which has a number of key targets. I would have to refer to my notes, but we have a defined figure for jobs to be created per year over the next five years. The business gateway is contributing to that work, which in turn informs the business gateway targets.

We look at past performance, which shows that more than 2,200 businesses formed in Edinburgh and the Lothians over the past couple of years, and then put a stretch on that and apply it to the next year. That target setting is based on local knowledge of the economy and the local strategy produced by the elected members, in consultation with the business community. That information is then fed up through the managers group and approved by politicians at the national level, and by COSLA. That is how we do it.

The monitoring is done by Hugh Lightbody's unit. Each local authority delivery area provides monthly statistics on performance, which we, as a management group, review. If we do not hit targets, we will look to improve; we will look at best practice from areas where we are exceeding targets. We will report regularly to our local councillors and through COSLA at a national level.

**Chic Brodie:** You have talked about a national strategy. There is a bigger strategy, which is the national one that is set by Scottish Enterprise. You talked about strategy, yet Mr Lightbody just said that you do not know where the stuff is coming from, and that because the business gateway is a universal service that is provided any time and anywhere, it is difficult to set targets, although he also said that he had passed the targets that had been set previously.

Let me move on to the issue of governance. Last year, Mr Lightbody answered a question about social enterprises from my colleague Patrick Harvie and said that they were not as accessible. I chair the cross-party group on social enterprise. We have discussed what social enterprises need by way of business support and their relationship, if any, with the business gateway, and nobody shared Mr Lightbody's notion. Last night, I

attended a very good meeting with Scottish Enterprise, at which the issue was again raised that there is not enough feed through of businesses. Today, we heard from Falkirk for Business, and last year, the Federation of Small Businesses said that there was not enough engagement with bodies such as the FSB. That is a good organisation, and we heard from its representative today that the process leaves a lot to be desired.

What is the business gateway doing? You say that it is a brand, but a brand should have a story to tell. What story does the business gateway nationally have to tell? How do you tell a story that, when you go down to the local level, is diffused because some local authorities provide the service in-house? I do not know how the finances are monitored or whether they are ring fenced. Then there is the private sector. Please help to clarify in my mind what on earth the business gateway is doing to market the brand and sell it proactively, rather than waiting for people to come in. To me, there is no evidence that that is happening, and I am still not convinced that we need the hegemony of organisation from the top. Can you tell me, please, what the level of governance is, who you talk to, and how involved they are in the decisions?

**Jim Galloway:** There was a lot in that.

The business gateway national brand and identity are marketed through Hugh Lightbody's national unit, which sits within COSLA. It has a marketing campaign. There are frequent poster, press advertising and radio campaigns. The approach was reviewed and monitored by the previous board, and it will continue to be reviewed and monitored by the management group and governed by elected members.

There is a stakeholder group, to which the management group links and which includes the Scottish Chambers of Commerce, the Federation of Small Businesses and other stakeholders. Scottish Enterprise and the Scottish Government go to the management group so that we are linked in with the strategy. Please be assured that the officers on the management group are, like me, senior managers who are linked into the networks through SLAED and other Scottish Government groupings. We are very aware of the collaboration agenda and are key players in it.

The business gateway does not operate in isolation. It is part of the Scottish Government's economic strategy and is funded by the Scottish Government, so we answer to it through the political process. The governance structure has been simplified down to the management group, which can and does make the decisions and holds budgets—

**Chic Brodie:** Mr Galloway, this is quite important. We have local authority development managers and SLAED, which represents all the local authorities. You are the vice-chair of SLAED. Why do we need the rest? Why cannot SLAED, which is much more directly involved, drive consistency across local authorities? You are in touch with local authority services and you represent local authorities. Why is anything other than SLAED needed to drive business start-up activity?

**Jim Galloway:** The business gateway programme is very important. It has a fairly large budget from the Scottish Government, and we have a responsibility to ensure that delivery is as intended by the Scottish Government. Therefore, we need to be able to meet to discuss the business gateway.

**Chic Brodie:** But why does it have to exist at all if there is already an organisation that can achieve consistency across Scotland?

**Jim Galloway:** Are you asking whether the business gateway should exist?

**Chic Brodie:** No. The business gateway, or whatever you want to call the mechanism for assisting small businesses, must exist—it is critical. I just want to know how we can delay management activity and ensure that the process moves faster. In my opinion, we already have that sort of organisation in SLAED. I realise that I am being deliberately provocative. I do not want to know about budgets or what have you—I just want to know what body will make the decisions.

**Jim Galloway:** I have written up a very broad strategic development plan for SLAED that has been accepted by the body and which covers the full gamut of economic development, including inward investment, the regeneration agenda, employability and skills and business support. We estimate that across the piece local authorities spend £25 million on economic development. From the Scottish Government through to local government, economic development remains a top priority at national and local level—

**Chic Brodie:** That is good.

**Jim Galloway:** SLAED has a huge job to do. Indeed, that is why we have assembled a new far-reaching strategic development plan, and we are now consulting our colleagues in the Society of Local Authority Chief Executives and Senior Managers and the Scottish Government on how to take that forward. As the business gateway forms a very important part of that activity, we want to ensure that it does not work in isolation and that it is integrated not just at a local level alongside planning and trading standards—as is going to happen in Edinburgh—but at a national level

alongside investment and regeneration. I still believe—

**Chic Brodie:** I am still waiting for the answer.

**Jim Galloway:** I still believe that we need that management group to ensure that the £21 million for the business gateway is being spent correctly and with the correct governance, and that business gateway itself forms part of the wider programme.

**Chic Brodie:** I agree with you about SLAED and all the things that it does and I certainly feel that it must be related to business gateway activity—in fact, it should be part of it. However, are you telling me that you are concerned that when responsibility for the £21 million is devolved and delegated to and directly managed by local authorities it might not be ring fenced? Are you saying that the moneys allocated locally for the business gateway are not secure?

**Jim Galloway:** No. I have no such concerns. It has been agreed by COSLA's leadership group and across the 32 local authorities that the money for the business gateway will be spent on the business gateway.

**The Deputy Convener:** Patrick Harvie has been waiting patiently to ask a question.

**Patrick Harvie (Glasgow) (Green):** Good morning, gentlemen. I want to explore consistency and local variability. The local economic circumstances that we have identified, and local strategic approaches and priorities, are different in different parts of the country. I wonder whether, instead of simply assuming that we already know how everything is going to work, we would benefit from an experimental approach and a willingness to try new things. Could local variation in the delivery mode be consistent with that and result in a range of different successes and failures from which we might learn? How would that relate to the national consistency that you have highlighted? Is there a danger that if we focus too much on consistency we might lose the experimental approach and the ability to create and learn from successes and failures?

**Hugh Lightbody:** One of the key messages that emerged from our evaluation in the first half of last year was the need for local flexibility; in fact, the committee echoed the same desire last year. However, we have had to strike a balance. As this is a national programme, we need consistent delivery across Scotland. To do that, we have developed in the service specification not only a core service covering start-up advisory services and growth advisory services but provision for local services. That is the flexible element of delivery that is available to each area, which can put in place programmes that suit local circumstances, local needs and local

opportunities. That might involve supporting women into business or supporting young people—whatever is important to an area. The evaluation and what the committee said last year are embraced in that specification, which balances the consistent approach across Scotland with local flexibility to deliver local services.

12:00

**Jim Galloway:** One thing to remember about the business gateway is that it is not all about us; it is about the business customer. A key point about the national programme is that business customers do not really care who delivers it—they just want a service. Businesspeople want to ring an 0845 number that they see in the national press and get through to a service. We must not lose sight of that business customer's need.

It is important to have a national programme and identity, and a route into that. We can then provide business customers with the wider services that, in their minds, are secondary.

**Patrick Harvie:** I can see that it is important for business customers—as you describe them—to be happy with the service, but a range of other things is probably important for the public good and for taxpayer value for money.

**Jim Galloway:** Absolutely.

**Patrick Harvie:** It strikes me that consistency is needed between different aspects of Government policy that impact on small businesses, and that the committee—as the body that holds the Government to account—should focus on that. Such aspects include business support services through the gateway, planning, procurement and small businesses' ability to bid for public sector contracts, and the regulation changes that are coming shortly. Another aspect is the Government's policy on how we use business rates and on the small business bonus scheme, which it has been suggested is untargeted and does not achieve an economic impact. Should we look for consistency between what the business gateway tries to achieve and what all the other Government policies that impact on businesses and small businesses try to achieve?

**Jim Galloway:** Yes. Business gateway advisers are well versed in many of the regulatory issues and the challenges that face businesses as they are set up and as they grow.

The move to bring the business gateway more into line with local authority services will help enormously. I will give the City of Edinburgh Council another plug. On Monday, the business gateway will join the team in Waverley court and will sit alongside staff in planning and building standards, licensing, trading standards and

environmental services. That will mean that the relationship becomes better and that advisers' understanding of how services work improves.

The key is to have a one-door approach for the business customer, who goes to one counter, where all the services are available to him. That will make doing business in Edinburgh easier. The situation is similar in other areas. Whether the business gateway is operated through a contractor or whether a council has brought it in-house, services are being aligned, which can only make things easier for businesses. As Parliament proceeds with the bills that are to be introduced to reduce regulation and make procurement simpler, that will also help.

**Patrick Harvie:** There was me believing the minister when he referred to better regulation rather than reduced regulation, but we will see, won't we?

**Hugh Lightbody:** One indicator in the new service specification is the number of customers who are referred to other local services, such as planning and environmental health, or to other partners or organisations that provide a service. Whether the business gateway is an in-house service or is delivered by a contractor, we expect to look at how integration is being achieved.

**The Deputy Convener:** Is enough being done on the social or community benefit of the support that you offer? Perhaps your answer can focus on social enterprise groups.

**Hugh Lightbody:** As I have said before, the service is open to any business. However, we have a specific service for social enterprises, which the Government has created, called just enterprise. Its role is very much about building the capacity of social enterprises to the point where they are able to access business gateway services if they were not originally able to access those services because of a capability or capacity issue. Just enterprise and the business gateway work closely together on that—a significant number of referrals go back and forward between the organisations.

**The Deputy Convener:** Is just enterprise on the board now, or does it not have representation?

**Hugh Lightbody:** The committee suggested last year that social enterprise Scotland should become a member of the stakeholders group and we did that. Changes were taking place in the governance structure and there was a desire for the management group to be made up of local government members, essentially, so it was not appropriate to bring just enterprise on to the board. However, the business gateway sits on just enterprise's steering group, so there is a connection there.

**Jim Galloway:** SLAED has ensured that there is a good connection between local economic development services and just enterprise and the social enterprise network. There is continuing work through the SLAED development plan to ensure that the social enterprise programme is supported.

**The Deputy Convener:** We heard from Susan Love earlier about the role of the Federation of Small Businesses. The FSB feels that it should have a greater role and more engagement. Can you comment on that?

**Hugh Lightbody:** The FSB is on the external stakeholders group, as Susan Love mentioned earlier. That is a conduit through which the FSB and other such organisations have an opportunity to have input into the process. We probably need to get a wee bit smarter about how we ensure that that input takes place and that we engage fully with our stakeholders.

**Jim Galloway:** In Edinburgh—I think this is echoed around many of the regions—we have a good relationship with the FSB. The east of Scotland group has agreed to be surveyed quarterly by my team to determine the shape and content of the local flexible programme of workshops, so the group will be consulted directly—not just as a grouping, but as individual members—to ensure that what we are providing locally meets local needs.

**Chic Brodie:** Call me cynical if you like, but I do not see any change at all from last year. Can you tell me what changes there are? There is no change to the board of governors. You say that there is a closer relationship with social enterprises and with just enterprise—you said that last year. What has changed? Where has there been a fundamental change, as was requested by the committee at the end of last year?

**Hugh Lightbody:** I would suggest that the committee made recommendations rather than requests. We have looked at those recommendations and considered them in the light of the evaluation that was done in the first half of last year. The evaluation was clear in terms of the delivery of the service. There was limited appetite for wholesale change. The message that we got was, “Keep doing what you are doing, but we want to see more local flexibility.”

**Chic Brodie:** With due respect, Mr Lightbody, I take you back to the ekosgen report, for which your body paid £60,000. The report said that the governance of this organisation left a lot to be desired. Nothing has changed. Why not?

**Jim Galloway:** The governance structure that we illustrated last time we came to the committee had seven different bodies on it. There are now two governance groupings. The management group reports to the political process at a local and

a national level. That is the governance structure. On the right-hand side of that, so to speak, is our stakeholder group, which informs the managers and those that are providing for the business gateway what the needs are locally and nationally. That is a reduction from seven to two.

**Chic Brodie:** However, despite the fact that the local authorities were to be responsible for the day-to-day management of the business gateway—that was the purpose of the change—we still have a business gateway Scotland board, a business gateway national unit, and a business gateway operational network. We have a business gateway contractors forum, a business gateway external stakeholders group, and the Scottish local authorities economic development group. Nothing has changed. Why not?

**Hugh Lightbody:** In terms of the governance, as we have said—

**Chic Brodie:** Maybe the answer is that you decided to ignore the committee's recommendations; I do not know. You have not changed anything in terms of the roles and responsibilities of bodies in the system. It is overmanaged, there are too many layers and we are still not clear who sets the outcomes and the targets and how we are going to improve Scotland's business start-up and survival rate.

**Jim Galloway:** I will just repeat that the governance structure for the business gateway sits with the local authorities. The decisions about targets and about who delivers it and how it is delivered are made by local authorities. The managers of those local authorities come together in a grouping to ensure that we are all aligned and are considering the national picture. That management group reports to senior politicians, COSLA and people at a local level. That is the governance structure. There are two layers: managers and politicians. We have to consult with stakeholders, and there is a stakeholders group to facilitate that. It is not part of the governance structure; it is a reference group that helps to steer our decision making.

**Chic Brodie:** I might be wrong, but it looks like the committee's recommendations have not been taken on board to any great extent, even if they have not been entirely cast aside, and that your ekosgen report, which cost the nice, tidy sum of £60,000 to produce, has not been paid much attention either. That is my opinion. If I am wrong, I am wrong.

**John Park:** I have a quick question that follows on from a question that Chic Brodie asked our previous witnesses.

Obviously, there have been changes in the way in which you deliver the service, and that has had an impact on staff, with some staff moving in and

some staff moving out, as in Falkirk. Do you provide guidance on that? Have there been any staffing issues and do you have any concerns about how such issues might be managed?

**Jim Galloway:** The local decision-making process has been governed by the regulations that councils work to, including TUPE and so on. Therefore, guidance and procedures are already in place. The board—Mr Lightbody in particular—has kept an eye on proceedings to ensure that everything goes as smoothly as possible.

**John Park:** I do not know whether you will be able to answer this question, but it occurred to me while you were giving your answer. There are provisions in the Local Government in Scotland Act 2003 to prevent the creation of a two-tier workforce as a result of people transferring from local government to the private sector. Is that applied in the transfers that we are talking about today?

**Jim Galloway:** As far as I am aware, yes.

**Mike MacKenzie:** I was delighted to hear about the progress that has been made in Edinburgh in making the general council services more business friendly. That is one of the great merits of local authorities having an involvement in the business gateway. Are you in a position to say how far that same effect has spread throughout other local authorities?

**Jim Galloway:** It is early days yet. The new service starts on Monday. As a result of discussions with my SLAED networks and other managers, I believe that we seem to be heading generally in the same direction. The purpose of John Swinney's review in 2007 has been achieved. The business gateway has transferred to local authorities and is more integrated with those other services. I certainly have a driving ambition to make it easier to do business in Edinburgh. That is my function in my day job, and I am pleased to be getting good feedback on that.

**Mike MacKenzie:** I am delighted that that is recognised. I appreciate that it is difficult, but is there any way of measuring that? Is there any way of finding out whether the terrific success in Edinburgh is being replicated in other local authorities, other than just relying on anecdotal evidence?

12:15

**Jim Galloway:** Interestingly, we had a presentation last week from someone from Scottish Development International, who explained that it has a set of matrixes that it uses to measure business friendliness. I am going to use that in Edinburgh and will be encouraging my fellow

managers to do the same so that we can report that.

**Mike MacKenzie:** That sounds very interesting.

**The Deputy Convener:** As there are no further questions, I invite the witnesses to make a concluding statement.

**Jim Galloway:** As I have just said, the purpose of the review of the business gateway was to put the decision making in the hands of local authorities so that decisions can be made at a local level. I believe that we are doing that in a way that satisfies the intention that John Swinney set out after his review. However, we must also ensure that the business gateway is a national programme that the business customer can understand and access easily. Therefore, we have a process to ensure that the national programme, the brand and the core programme are protected and delivered.

**Hugh Lightbody:** I echo those comments. It is a national programme. It has been delivered at a high standard and will continue to be so. We hope that the consistency that has been built into the service specification, together with the local flexibility that has also been built in, will generate better returns for the Scottish economy.

**The Deputy Convener:** On behalf of the committee, I thank our witnesses for attending.

12:17

*Meeting continued in private until 12:39.*



Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

---

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by APS Group Scotland.

All documents are available on  
the Scottish Parliament website at:

[www.scottish.parliament.uk](http://www.scottish.parliament.uk)

For details of documents available to  
order in hard copy format, please contact:  
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000  
Textphone: 0800 092 7100  
Email: [sp.info@scottish.parliament.uk](mailto:sp.info@scottish.parliament.uk)

e-format first available  
ISBN 978-1-4061-9643-6

Revised e-format available  
ISBN 978-1-4061-9657-3

---

Printed in Scotland by APS Group Scotland

---