

**NORTH LANARKSHIRE COUNCIL  
COMMITTEE REPORT**

To: REGENERATION SERVICES COMMITTEE	Subject: PROPOSED CHANGES TO BUSINESS GATEWAY CONTRACT TARGETS 2009/10	
From: HEAD OF REGENERATION SERVICES		
Date: 17 February 2010		

**1. Purpose of Report**

- 1.1 The purpose of this report is to approve adjustments to performance targets relating to Business Gateway contract delivery during the remainder of 2009-10.

**2. Background**

- 2.1 The ongoing economic downturn has impacted on the performance of the Business Gateway contract. The number of businesses demonstrating potential to trade at or beyond the VAT threshold has reduced, and fewer Growth Pipeline businesses are progressing to account management with Scottish Enterprise. In contrast, the number of new businesses starting each month continues to be resilient, and performance of the Growth Pipeline is also encouraging.
- 2.2 As Lead Local Authority, North Lanarkshire Council has attempted to address these challenges by re-focussing Business Gateway resources to ensure the optimum economic benefit to businesses in North Lanarkshire. Earlier in 2009 this process was initiated by the introduction of targeted measures including the VAT+ Pipeline and Local Discretionary Service. Outwith the Business Gateway contract, further support for eligible North Lanarkshire businesses was put in place via the Additional Business Support element within the Local Addendum.
- 2.3 More recently, amendments to the 2009-10 contract targets were proposed to the Business Gateway Steering Group on 25 November 2009. These were designed to further enhance available support to North Lanarkshire businesses and help them maximise their potential during the current difficult trading conditions. The revised targets were agreed by the Steering Group subject to approval by Committee.

**3. Business Gateway Contract 2009/10 – proposed changes to targets**

- 3.1 To ensure a flexible and responsive service is delivered via the Business Gateway contract, changes to the 2009-10 targets have been proposed as set out in Appendix 1. These adjustments have only been agreed at local level to reflect economic priorities in Lanarkshire.

### 3.2 Changes to targets agreed locally

The following changes to targets have been proposed by the Lead Local Authority. These were agreed at the meeting of the Business Gateway Steering Group on 25 November 2009 :-

#### VAT+ Start Up – Decrease from 220 to 85

The number of businesses demonstrating potential to trade at or beyond the VAT threshold has fallen considerably during the current downturn. Consequently there are fewer VAT registered businesses (trading at or above the VAT threshold of £67K and possessing a VAT certificate) coming forward to seek help from Business Gateway.

#### VAT+ Pipeline – Decrease from 132 to 115

The introduction of the VAT+ Pipeline was designed to help Business Gateway advisers work with businesses which demonstrated potential to achieve VAT registration within 12 – 18 months of engaging with the Gateway. The VAT+ Pipeline has witnessed a slight reduction in performance compared to the original 2009-10 target. However it is still fulfilling its original purpose by enabling advisers to work with a significant number of VAT+ potentials.

#### Growth Pipeline – Start-up Businesses – Increase from 30 to 35

The revision reflects the improved performance of the Growth Pipeline in terms of the number of start-up businesses accepted into the Growth Pipeline (businesses anticipated to achieve additional turnover of £400K within a 3-year period).

#### Growth Pipeline – Existing Businesses – Increase from 80 to 85

The proposed change acknowledges a modest increase in the number of existing businesses projected to be accepted into Growth Pipeline.

#### Direct Relationship Management (DRM) – Start Up Businesses – Decrease from 10 to 5

The decrease recognises the reduced pool of start-up businesses transferring to Scottish Enterprise account management.

#### Direct Relationship Management (DRM) – Existing Businesses – Decrease from 28 to 25

The decrease recognises the reduced pool of existing businesses transferring to Scottish Enterprise account management.

#### Events – Start-up Businesses – Increase from 299 to 300

A slight increase is proposed to events, reflecting a continuing demand for one-to-one Meet the Advisor sessions.

#### Events – Existing Businesses – Increase from 130 to 177

A more significant increase is proposed in recognition of additional workshops delivered earlier in 2009 which were geared towards helping existing businesses manage the effects of the economic downturn. The increased target will enable the Business Gateway to continue to deliver its scheduled event programme during the remainder of the 2009-10 contract year.

#### Local Discretionary Service – Decrease from 40 to 29

A reduction in the Local Discretionary Service target is proposed in response to the level of demand to date and the need to target Business Gateway contract resources towards those client segments in greatest need.

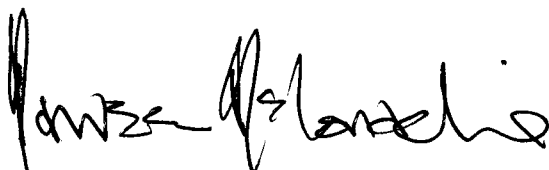
## **5. Conclusion**

- 5.1 The proposed changes to the contract will ensure that the Business Gateway continues to provide a responsive and effective service to new and existing businesses during the remainder of 2009/10. The changes in target will not result in a change to the overall contract value and will in effect ensure that the contract continues to achieve a full spend.

## **6. Recommendation**

6.1 Committee is asked to

- i) Agree to the changes to Business Gateway Lanarkshire contract targets for 2009-10, as a response to identified gaps in support provision and the needs of Lanarkshire businesses during the current economic downturn.



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**Head of Regeneration Services**

Local Government Access to Information Act: for further information on this report please contact Caitriona McAuley, Economic Development Manager (Tel: 01236 616279).

**APPENDIX 1 - Business Gateway Contract 2009/10 - Proposed Revisions to Targets**

<b>Target Category</b>	<b>Current 09-10 Target</b>	<b>Proposed 09-10 Target</b>	<b>Increase / Decrease</b>
<b>Volume Start Up</b>	1100	1100	0
<b>VAT+ Start Up</b>	220	85	- 140
<b>VAT+ Pipeline</b>	132	115	- 17
<b>Pipeline Start Up</b>	30	35	+ 5
<b>Pipeline Business Base</b>	80	85	+ 5
<b>DRM Start Up</b>	10	5	- 5
<b>DRM Business Base</b>	28	25	- 3
<b>Events Start Up</b>	299	300	+ 1
<b>Events Business Base</b>	130	177	+ 47
<b>Local Discretionary Service</b>	40	29	- 11