

PRESS RELEASE

BUSINESS GATEWAY SERVICE RECEIVES POSITIVE RECOGNITION BY INDEPENDENT REPORT

28 June 2011: Scotland's national business advisory service, Business Gateway, is "operating close to optimal effectiveness in its current configuration of services", "is a well-recognised brand that should receive further investment" and is "fit for purpose" according to an extensive evaluation carried out by a leading economic consultancy.

The report by Ekosgen also found that the transfer of the service from Scottish Enterprise to local authorities had been "relatively smooth and has delivered a considerable volume of activity which has increased year-on-year despite economic challenges". Figures released recently by Business Gateway showed that in the year ended March 2011 this activity translated to an increase of 6.3% in the number of new businesses started with the support of Business Gateway, a record since the service was set up in 2003.

The report also found that the total cost of delivering Business Gateway between 2008/09 and 2010/11 is estimated at £44.2million and it has generated some £301million in Gross Value Added (*see notes to editors*), an economic benefit of almost £7 for every £1 spent.

Research carried out for Business Gateway into customer satisfaction over the same period [to end of March 2011] shows 90% of businesses are satisfied with the service received from Business Gateway with 85% believing the support received will help start or grow their business.

Enterprise Minister Fergus Ewing said: "The research makes it clear that Business Gateway is offering much valued support to start-up companies as well as more established enterprises across the country.

"The Scottish Government is committed to maintaining the highest quality of business support in Scotland with a focus on helping companies reach their potential and break into growth markets. This report also provides a valuable contribution to the on-going work to develop arrangements for the future delivery of the Business Gateway service."

David Valentine, Chair of the Business Gateway Scotland Board said: “The report is a strong endorsement of the work undertaken by all of Business Gateway’s stakeholders from the local authorities through to the business advisers who are working with increasing numbers of new start and existing businesses throughout Scotland.

“It [the report] concludes there is little appetite for wholesale change to the service but does suggest that the next phase should be about making important modifications and improving the quality and impact of support without reducing its reach. This is something that Business Gateway recognises and is already taking steps to address.”

Councillor Alison Hay, COSLA Spokesperson on Regeneration and Sustainable Development, stated: “The report is a strong endorsement of the decision to transfer delivery of Business Gateway from Scottish Enterprise to the local authorities. The overall conclusion is that the Business Gateway service is responding and delivering well across Scotland but we do recognise that there are areas where the service can be improved and all of the stakeholders are determined to make improvements that benefit the service and its customers as a whole.”

The study was commissioned by Business Gateway to evaluate the existing model and present recommendations for the future. The research into the report was carried out between October 2010 and June 2011.

Key findings within the report are:

- The service is operating close to optimal effectiveness in its current configuration of services
- There would be limited benefits to businesses from radically altering the structure of Business Gateway and hence there is little appetite for a wholesale change to the Business Gateway model
- The transfer has been a major undertaking and achieved without too much disruption for businesses
- Local Authorities have embraced Business Gateway and started to make it work for their local areas
- The move to the Local Authorities provides an opportunity to reach more businesses at little additional cost
- The total cost of delivering Business Gateway between 2008/09 and 2010/11 is estimated at £44.2million and it has generated some £301million in Gross Value Added (*see notes to editors*)

- There is value in the Business Gateway brand.
- The Business Gateway website (bgateway.com) and the Enquiry Service are regarded positively, are part of the delivery model and important resources.
- The Business Gateway product is well regarded for start-up businesses, and is developing as a service for existing businesses.

The report acknowledged that a new service introduced by Business Gateway in October 2010 to increase the support available to businesses that have growth potential, in response to the challenging economic conditions, had been successful albeit overdue. This broadened the scope of support available to a wider range of growing businesses and to businesses that are economically significant to local areas.

David Valentine said: “Business Gateway recognised the effect that the downturn in the economy was having on businesses and a strategy was developed to increase the support available to businesses that have growth potential. Already, positive results are being reported and Ekosgen has recommended that this enhanced support be maintained as part of Business Gateway’s core service.

“The review also identified that when the Business Gateway service comes into contact with a business it succeeds in helping that business progress. To that end we must continue to work hard to make sure that more businesses, both existing and those at the start-up stage, are introduced to Business Gateway and the practical support that can be provided.”

The report also confirmed that more than four in ten businesses approach Business Gateway seeking access to financial support, reflecting the importance of that aspect of business to an organisation’s growth and development. The service is also rated highly, both for its first impressions and the quality and relevance of the support from the business advisers.

David Valentine added: “We recognise the report’s observation that many businesses see access to finance as a key priority and, although Business Gateway is not a funding body, our expert business advisers do direct them to the various sources of finance that may be available.”

The report highlighted the importance of the web site and noted that it was highly regarded. The report noted that in the year to the end of March 2011, the website (bgateway.com) generated a monthly average of over 28,600 unique visitors.

The value for money assessment made by Ekosgen found considerable variation in unit costs to deliver the service but did conclude this was within acceptable limits and that it would be difficult to drive these costs down significantly without damaging the service.

The Business As Usual option (i.e., continuing with a similar balance of 'one-to-one' and 'one to-many' support) delivered the highest Net Present Value (NPV) and one of the highest Benefit Cost Ratios (BCRs) of the options considered suggesting overall, the service is operating close to optimal effectiveness in its current configuration of services.

David Valentine said: "The report has made a number of recommendations and each will be considered fully to determine the future structure and service offered by Business Gateway whilst recognising the overall finding that the service is already delivering effectively."

Ends

Issued on behalf of Business Gateway by Wave PR Ltd. For further information please contact Jonathan Kennedy on 0141-225-0404 or 07799-768968 or jonathan@wavepr.co.uk

Notes to editors:

- The total number of start-up businesses set up in the year ended March 2011 was 11,242 - the highest number achieved since Business Gateway's inception in 2003 and an increase of 662 from the year ended March 2010.
- The service also recorded an increase of 28% in the number of existing businesses from across Scotland contacting Business Gateway for the first time during the last year. The number rose from 3,953 to 5,059, an increase of 1,106.
- The Business Gateway Scotland Board comprises representatives from COSLA, Scottish Government, Scottish Local Authorities Economic Development Group, Scottish Enterprise and Highlands and Island Enterprise
- Gross Value Added or GVA (defined by The Office for National Statistics) "measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom".