

REPORT TO: ECONOMIC DEVELOPMENT COMMITTEE - 8TH JANUARY, 2001

REPORT ON: PROPOSED ESTABLISHMENT OF SMALL BUSINESS GATEWAY SERVICE
IN TAYSIDE

REPORT BY: DIRECTOR OF ECONOMIC DEVELOPMENT

REPORT NO.: 757-2000

1. PURPOSE OF REPORT

- 1.1. To inform the committee of the changes being proposed to the arrangements in Dundee for the delivery of the services provided by The Business Shop - Dundee Ltd.

2. RECOMMENDATIONS

- 2.1. It is recommended that the committee agrees in principle to fund the Small Business Gateway service in Dundee as detailed in the report below.

- 2.1.1. That this agreement in principle is subject to the satisfaction of the Council with regard to:-

- (i) The structure and composition of the proposed new Small Business Gateway company for Tayside.
- (ii) The level of representation of the Council on the Board of the proposed Small Business Gateway company for Tayside.
- (iii) The branding of the Small Business Gateway Service within the City as a Dundee service for Dundee businesses.
- (iv) The Small Business Gateway company entering into an annually renewable service level agreement with the Council.
- (v) The creation of the Small Business Gateway company not involving additional expenditure by the Council over and above that currently committed annually to The Business Shop Dundee Limited, and not involving any reduction of the current level of annual core funding from SET for The Business Shop - Dundee Limited.

3. FINANCIAL IMPLICATIONS

- 3.1. There are no financial implications that would impact on the revenue budget provisions for 2001/2002.

4. LOCAL AGENDA 21 IMPLICATIONS

- 4.1. The Small Business Gateway as a publicly funded initiative will comply with all necessary local agenda 21 requirements.

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1. The Small Business Gateway as a publicly funded initiative will require to have a written equal opportunities policy to the satisfaction of the Council.

6. REPORT

- 6.1. Since 1996 Dundee City Council has funded The Business Shop - Dundee Ltd to provide a service to those wishing to set up in business and small businesses employing less than 25 people. Both the City Council and SET have funded this. The City Council provides funding on an annual basis which this year is £115,000, made up of cash and in kind contributions. The balance of the core funding comes from SET who contribute annually to the Business Shop, their contribution this year being £235,000.

- 6.2. In July 2000 the Small Business Gateway service was launched throughout Scotland and it became clear that the service was largely modelled on the work done by the Business Shops in Tayside. Since July there has been a process of consultation with SET regarding the way in which these proposals could be implemented in Tayside. This has involved SET in discussions with each of their partners in Tayside and that has taken some time. In the meantime The Business Shop - Dundee Ltd has continued to operate as before.
- 6.3. At their Board meeting in November SET agreed their preferred way forward. That way forward is to wind up the three existing Business Shop companies and create a new company covering the whole of Tayside. The new company would be formed with a Board comprising representatives from the members of the current Business Shops. A single manager would be appointed to run the new company.
- 6.4. To ensure that local focus was maintained consultative groups based on local authority areas are to be created to ensure that local views on issues are taken into account in the workings of the new company. This will result in cost efficiencies by reducing the number of managers, the potential rationalisation of administration functions and a centralisation of the business information service at one location.
- 6.5. From the City Councils position the Business Shop Dundee has been working well and in terms of best value has been found to be a good use of the Councils financial contribution. The best value study did not however consider a Tayside wide reorganisation. There are clear potential advantages in reorganising in this way. There are issues however over the funding of a service. The Small Business Gateway is a nationally funded initiative through Scottish Enterprise. The City Council should therefore seek to augment the provision of this service to provide 'added value' to the provision in Dundee. The forthcoming detailed negotiation with SET will cover this point.
- 6.6. There are also issues over providing a distinct local identity so that the Councils money is seen to be directed at the City. This will require accounting procedures to be put in place to ensure that this can be done. This also will be the subject of negotiation with SET.
- 6.7. The service is however a valuable one and is one that provides a good example of interagency working. If money can be saved in management and administration and directed more towards 'front line' provision then this can only enhance the service locally. The details are still to be resolved however there is a good case for agreement in principle as long as the interests of the Council are protected and that we achieve identifiable added value for our funding.

7. **CONSULTATIONS**

- 7.1. The Chief Executive and Directors of Support Services and Finance have been consulted during the preparation of this report.

8. **BACKGROUND PAPERS**

9. No background papers, as defined in Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

DIRECTOR OF ECONOMIC DEVELOPMENT.....Date.....