

**AYRSHIRE REGIONAL ECONOMIC PARTNERSHIP BOARD
AND JOINT COMMITTEE**

Date

AYRSHIRE BUSINESS SUPPORT UPDATE

Report presented by the Ayrshire Executive Group

PURPOSE OF THE REPORT

The purpose of this report is to present an update on work being progressed to develop Business Support offers at a regional and local level. The report sets out an agreed shared vision amongst the 3 Councils and Scottish Enterprise on the development of respective business support activities, it highlights the existing regional consistent offer that is available and presents new opportunities under development to enhance regional offers. The report also updates on an agreement on regional strategic companies which have been jointly identified to replace those companies that traditionally have been SE account managed.

Background:

1. The three local authorities across Ayrshire and Scottish Enterprise are committed to supporting businesses to prosper and grow. We recognise that good quality advice and support is one of the key ways to do this, encouraging people to start up, grow and be innovative in their business thinking.
2. Evidence shows that no area will escape the economic impact of Covid-19, but we can predict that those places already somewhat disadvantaged will be hit harder. In terms of the evidence of the economic impact of Covid-19 we know that the Ayrshire Claimant Count increased by 62% between February 9th and September 10th, and Ayrshire has Claimant Count rates (claimants per 16-64 year old population) well above the Scottish average (North Ayrshire highest in Scotland, East Ayrshire fourth highest in Scotland, South Ayrshire sixth highest in Scotland).
3. Even before Covid-19 Scotland suffered high levels of regional inequality. The Scottish Government's Advisory Group on Economic Recovery (AGER) noted that East and North Ayrshire have the lowest levels of regional resilience in Scotland. With future shocks predicted, not least Brexit and the Climate Emergency, the Ayrshire economy must become more resilient. Whilst protecting jobs and livelihoods is the upmost priority, creating new jobs and adaptation to deal with future challenges and maximise the opportunities arising from these, such as the green economy and digital adoption, should be a key area of focus.
4. It is therefore imperative that we take a fresh approach to not only support businesses to recover but to support the longer term renewal of the Ayrshire economy, improving regional resilience and prioritising an approach focused on wellbeing and inclusion. The agreement of partners to embedding a Community Wealth Building approach provides a practical means of achieving a wellbeing economy in Ayrshire. The partners' commitment to the Community Wealth Building Commission, the Community Wealth Building Anchor Charter and the £3 million Ayrshire Growth Deal Community Wealth Building Fund demonstrates commitment to a new approach to economic development in the region. Community Wealth Building recognises the need for a place-based

approach to supporting businesses and communities in Ayrshire, recognising the different assets of each place and the Anchor Institutions within the place that create economic opportunities and support economic, social and environmental wellbeing.

5. In recognition of the challenges that businesses are facing, the Ayrshire Executive Group tasked Senior Officers to lead a piece of work to look at what businesses need post COVID and how our collective resources can be deployed to greatest effect to build local resilience and opportunities for growth and employment across the region. A copy of the brief is attached in Appendix 1.
6. The public sector has played a vital role in leading responses to the covid19 pandemic. Covid19 has laid bare the fragilities of our local economy and has powerfully demonstrated that the economic development practices of the past cannot provide a road map for the task ahead. Many businesses have struggled to maintain their financial viability, to retain staff and their supply chains are at risk. The opportunity is now to act as change agents and support a new kind of local economy. The Ayrshire Business Support framework provides a crucial role in building local resilience across the region and the need for a strategic approach is clear to:
 - Minimise the devastating impact that COVID is having on our economy;
 - Maximise business EU exit preparedness;
 - Further develop our shared ambitions to develop a more inclusive economy focused on improving resilience, community wealth building and well-being;
 - Respond to the national skills and enterprise review and recommendation that national agencies shift to a more regional appropriate model;
 - Adapt to SE's move away from an account managed service towards opportunity management;
 - Ensure business support needs are linked to regional workstreams;
 - Identify evidence of need and unmet service demand from local business;
 - Manage the on-going and new COVID related business support linked to the Tiers and the capacity of services to respond effectively and immediately to these needs.

Design Principles

7. The approach to developing support amongst the 4 partners is being framed around 5 design principals:
 - I. Evidence and needs based – rather than being product led or jumping to solutions, an approach which prioritises the gathering of evidence and understanding the complexity of business needs will achieve more sustainable outcomes;
 - II. Business relationships are central – and will require building of service capacity to ensure appropriate skills and expertise can sustain those relationships;
 - III. Incorporate a Place based approach– recognising the importance of local businesses to improving local resilience and offering flexible support, (e.g. islands, rural, towns, etc);
 - IV. Deliver new offerings to support recovery and renewal—including a bespoke offer for 'strategic companies', digital, environmental, Brexit support, etc; and
 - V. Recognises the role of the wider partnership and beyond the 3 LAs and SE.

8. There is a consistent local authority offer already in place across Ayrshire which can be categorised in three distinct offers:

- Business Gateway
- Adviser Resources
- Financial Resources

This consistent offer is freely available to all and has the ability to touch every business positively. It is flexible and can be adapted to reflect need as seen with digital response to Covid via webinars. The model is also scalable depending on available resources within each organisation. Details are set out in Appendix 2 of the Ayrshire wide business support offer.

Local Authority Specific Support

9. Whilst there is much consistency in the offer that is available across Ayrshire, each LAs has developed its own local approach to business support. Summary details of regional and local offers are set out in Appendix 3.

Furthermore, AGD projects linked to skills, digital and CWB all have business support elements and will provide additional resources to support the approaches outlined. The first of these will commence from April 2021.

Strategic Companies

10. The partners have identified a list of 200 Ayrshire businesses that are strategically important to the region. This replaces the previous Scottish Enterprise account managed list of companies. These are key economic assets of importance to the national and regional economy. The classifications for strategic importance will determine the level and nature of support provided to ensure that resources are employed in the most effective and impactful manner.

Appraisal Factors:

- Employment numbers (rural & urban areas)
- Growth potential and scalability
- Contribution to regions balance of trade
- Sales out-with the region
- Role in the wider supply chain
- Barriers to replacement
- Priority sectors from the RES
- Control of key infrastructure assets
- Suppliers to essential/key public sector services (services & construction)

11. A regionally consistent application of the criteria has been developed and a review mechanism to ensure a proactive approach to managing this list which will be subject regular updates. More details on how this will be applied in Ayrshire is set out in Appendix 4.
12. Every business identified on the Ayrshire strategic company list will be targeted to raise awareness of the support available to them so that they can remain resilient over the coming months. The list will be actively managed and reviewed to ensure companies are added and removed as appropriate.

Support Offer

13. Following initial conversations with businesses, advisors will tailor individual company support, however, given the current challenging economic times initial support will be around resilience and providing advice on Brexit. A Brexit support offer has now been developed and is being promoted to local companies.

In addition to the implications of the Covid19 crisis and the end of the EU transition period, there are other complex global and economic uncertainties which make it increasingly important to provide flexible and responsive support to help businesses to:

- take stock of where they are and formulate a plan to get them back on track or build capacity to manage sustained disruption,
 - develop and implement a prioritised scenario/survival plan timeline,
 - consider options in relation to creating efficiencies and savings on productivity, identifying new suppliers and accessing finance,
 - access guidance and support to help them get the most out of their people by creating a positive culture, encouraging strong leadership and being more creative.
14. The types of support being developed will be subject to gathering business evidence and intelligence to inform the be-spoke Ayrshire offer in terms of scale and scope. **These may be the subject of future business cases with resource implications.** Examples are set out below of areas of focus
- Signposting - EU Technical Notices, Prepare for Brexit, COVID Guidance/Funding
 - Resources – online tools such as Fair Work, Brexit checklist etc
 - Knowledge & Training – Brexit webinar series, workshops, exporting
 - one-one advice i.e. SE Team of Expertise providing specialist support in 360 review, business models, SMAS, Innovation, Digital Transformation, Finance, International, Workforce Innovation, Intellectual Assets

Conclusions

15. The report concludes that there is a shared vision amongst the 4 partners on the future development of business support service based on needs focused, place based and community wealth building approaches. This will frame future collaborative working with a focus on shared intelligence and available partner expertise, and in addition, inform the development of respective local business support services, so that all efforts are focused on improving our resilience as a regional economy. Ayrshire's 200 strategic companies have been identified through an agreed process and offers of support are being developed. Through local relationship building with this portfolio of companies, new opportunities will be identified to develop the regional offer available through SE. **This will inform future business case proposals, funding bids and our joint strategic positioning.**
16. The Regional Business Support will be further enhanced by the AGD regional projects and the joint commitment to deliver programmes of activity for skills development, CWB, and digital projects. Subject to final approval of business cases the first of these will commence from April 2021. **A new Food and Drink Sector response team has been established to work with the sector across Ayrshire.** Further consideration of sector and specialist business support linked to regional workstreams i.e. Clean

Growth, Digital, Aerospace/space, Visitor Economy, manufacturing and engineering is required and has not yet been considered as part of this report.

FINANCIAL IMPLICATIONS

17. There are no financial implications arising from this paper.

HUMAN RESOURCE IMPLICATIONS

18. There are no human resource implications arising from this paper.

LEGAL IMPLICATIONS

19. There are no legal implications arising from this paper.

RECOMMENDATIONS

20. The Board is asked to:
- a) Note this update on Business Support Ayrshire;

Members requiring further information should contact:

David McDowall, East Ayrshire Council

Caitriona McAuley, North Ayrshire Council

Theo Leijser, South Ayrshire Council

Bryan Fraser, Scottish Enterprise

DRAFT Ayrshire Business Support

Collaborative Action for Resilience and Future Growth

An Executive level group comprising the Chief Executive Officers from Scottish Enterprise, North Ayrshire Council, East Ayrshire Council and South Ayrshire Council has been established to provide strategic direction to the development of a pan Ayrshire business support model.

Whilst it is essential that this work takes account of the impact of covid -19 on the Ayrshire business community it is not a race back to normal but a more radical look at what businesses need and how our collective resources can be deployed to greatest effect to build local resilience and opportunities for growth and employment across the region.

This brief sets in place an operational group with collective responsibility to take forward the direction set by the Executive Group and with the authority to make the necessary decisions and bring the right resources to bear in delivering a set of recommendations.

It is essential that we move at pace and deliver on some early actions to support the business community. There are many external factors in play that will require consideration, but we cannot allow that to result in short term paralysis and the operational group are tasked with reacting to external factors as they evolve.

It is however important to set out with consideration to the key action themes identified in the Scottish Government's Economic Recovery Plan:

- *Protecting jobs by supporting business recovery and sustainable, green growth*
- *Creating jobs through business engagement and a partnership approach*
- *Supporting access to good quality jobs through employment, skills and training*
- *Boosting local job creation through resilient people, communities and places*
- *Creating jobs and a Just Transition through investment-led sustainable growth*
- *Monitoring our progress and outcomes*

And a number of key messages from the Advisory Group for Economy Recovery's report and the Scottish Government's response are highly relevant:

- More regionally focussed collaboration will continue within economic development, especially across the Scottish Enterprise area.
- Recognising that businesses are the engine room of our jobs and growth prospects. Successful and thriving businesses, whether SMEs, large corporates, social enterprises or not for profit businesses, are key to Ayrshire's success. Our approach to economic recovery ensures that we will work with business to create the conditions needed to deliver on our ambitions.
- The crisis provides an opportunity to consider different economic delivery models, underpinned by our values, to create a 'new deal' for the post-COVID-19 economy. The Advisory Group was clear in its support for "an approach to recovery and economic development that is grounded in local and regional approaches and partnership"
- The report recognised that Local authorities have a critical role in meeting the needs of communities and in shaping and supporting places and local and regional economies. This has been demonstrated through their important role in responding to

COVID, including the distribution of funds to businesses. The crisis has also seen a new and more collaborative and agile way of working between local and national government and our agencies. We want to maintain and build on that as, together, we look to economic recovery and renewal.

- Over the next 12 months, as part of a continued shift to a more regionally focussed, place-based model for economic development, Scottish Enterprise will work intensively with partners in three regional economies (Glasgow and Clyde, Ayrshire and the North East) to learn by doing and demonstrate the value of deeper and more regionally focussed collaboration.
- Through the Business Support Partnerships Programme, we will continue to work to add content to and enhance the digital platform, growing the numbers of partners who are providing help and advice to Scotland's businesses and simplifying the customer journey
- We will build on our collaborative working across Ayrshire on the economic response to COVID-19 and work with CoSLA to co-produce a partnership approach across the business support and economic development landscape.

This work also forms a key strand of the Ayrshire Regional Economic Strategy and associated action plan which in turn addresses the opportunity to leverage the Ayrshire Growth Deal investment and ensure that we have a strong business community to take advantage of the opportunities that will arise.

Parameters for Phase 1

The Executive Group has set out the following areas for early consideration:

- What does the Ayrshire business base need from us?
 - review existing business intelligence and research – and collate common knowledge and insight on requirements and priority outcomes for collaborative action in the short, medium and longer term.
- What exists that serves us well locally, regionally and nationally – and how do we need to adapt / change to meet the urgent and pressing needs of business in a post-covid economy?
- What should we leave behind? What is no longer fit for purpose in a world where we want to act with pace to make a meaningful difference to the resilience and growth of all kinds of businesses across Ayrshire?
- What can we deliver quickly and what needs more time? How will we judge our success?

The Operational Group will consist of:

Scottish Enterprise	Bryan Fraser
East Ayrshire Council	David McDowall
North Ayrshire Council	Caitriona McAuley
South Ayrshire Council	Theo Leijser

The Operational group should feel empowered to be brave in identifying the scale of ambition for an Ayrshire Business Support model whilst being fleet of foot to address the near to challenges that are being faced by our company base during this pandemic.

Resources are tight, so creativity and radical thinking is welcome. And successfully harnessing local communities and businesses in building resilience and growth is key.

The Operational Group is tasked with presenting their initial feedback and early proposals to the Executive Group before the end of August 2020.

10 August, 2020

*Fiona Lees, CEO East Ayrshire Council
Ayrshire Council*

Craig Hatton, CEO North

*Steve Dunlop, CEO Scottish Enterprise
Ayrshire Council*

Eileen Howatt, CEO South

Appendix 2 Regional Business Support Offer

Support Service	Support Detail
Business Gateway (pan-Ayrshire)	<p>Start Up</p> <ul style="list-style-type: none"> Suite of webinars, online tools specifically designed for start up requirements Adviser and networking support <p>Digital</p> <ul style="list-style-type: none"> Webinars: Transitioned workshops to Webinar content : 100 webinars delivered (Apr-Aug). 65 committed Sep-Dec: Content of workshops decided locally for Ayrshire need Web based tools: tutorials, support material, partner links etc Networking: Previously face-to-face now online, series of informal networking opportunities hosted by BG advisers Market Research & Market Reports: providing key information & research on specific areas of business <p>Expert Help</p> <ul style="list-style-type: none"> BG advisers in each local authority, Expert consultants, 1-2-1 surgeries Specific Framework of consultants in place to deliver workshops, 121 The expert help will support businesses on 121 in a wide variety of areas including strategy , digital audit, marketing etc <p>Digital Boost (SG Funded)</p> <ul style="list-style-type: none"> Businesses can access free digital consultants, online training and a range of support to help their business adapt Each Ayrshire LA has budget for 1-2-1 activity and DB webinars Digital Grant: £250 to £5k (new intervention to cover Gap to £5k digital loan). This is testing business demand for this type of offer and available till Mar 21.
Adviser Resource	<p>Each Local Authority have advisers designated to support business.</p> <ul style="list-style-type: none"> The adviser in most circumstances will be the only support mechanism the business has that is free and impartial. That being the case it is essential that a trustful and professional relationship is established between local business advisors and business management. Complementing BG resources, the adviser will support through understanding business need and find relevant support from other national and regional partners. The adviser will also assess funding opportunities that are national and more bespoke local schemes The advisers can be seen in various guises to reflect specific local need including sector support e.g. Tourism, F&D, Inward Investment / property support, Town Centre / Retail as well a Family Business Support. <p>The advisers will underpin our future model as we develop the relationship-based approach and through that gather evidence of need and demand.</p>
Financial Resource	<p>Each Local Authority have designated resources to support business on two key themes:</p>

- Specialist Consultancy
- Grant Provision

Consultancy

- Each Local Authority has a bespoke specialist consultancy framework that covers areas of business need.
- The consultancy frameworks are very similar across Ayrshire with identified specialist help in areas including: Digital, Sales, Innovation, Financial, Business Planning, HR, Skills, Leadership, Procurement etc
- The advisers assess specific needs of the business and engage specific specialists based on requirements.

Grants

- Each Local Authority has grant provision for business need. This is a mix of Council own funds and those matched to an Ayrshire ERDF Programme.
- Grant provision is used when the business can't access this through traditional financial mechanisms e.g. Banks etc or via partner offerings.
- Each adviser will assess applications individually to consider best use of Council funding / ERDF.

In response to the Covid challenges regarding our grant provisions the following actions have been progressed

In House: removal of restrictions to allow for need to be at the centre of award.

ERDF: Scottish Govt have confirmed removal of restrictions as follows

- Flexing the eligible sectors to include any business in difficulty due to COVID-19
- Switching the focus from Growth to survival/resilience
- Confirmation we are allowed to give 100% grants (at the moment we default to 50% grants but can now see a need for up to 100% grants where appropriate)

Appendix 3 - Local Business Support

SERVICE	SUPPORT OFFER
North Ayrshire Bus Dev	CWB Led Approach <ul style="list-style-type: none"> • Locality Based Approach: resource for growth and volume business base in each of 6 localities • Specialist Framework of Consultants • Grant provision based on business need (Business Action Plan) • ERDF: removal of criteria to support Covid Recovery
East Ayrshire Bus Dev	<ul style="list-style-type: none"> • One to one and one to many business support for growth and volume business base delivery • Specialist framework of consultants across specific business themes; Procurement, Digital, Finance, Management, HR, Sales, Marketing, Strategy and Operational Transformation • Grant provision based on business need and aligned with a business action plan. Eligibility criteria linked to business growth and scalability, employing staff, exporting and key sectors • Inward investment and relocation support facilitating the creation of new jobs, business growth and opportunities • Property support and guidance to potential investors, businesses looking to relocate or grow • CWB locality advisers with a focus on three pillars of Community Wealth Building – Procurement, Fair Work and Climate Action • Sector specific support to existing food and drink and tourism businesses • Support to recruit aligned to wage subsidy resource; • Support to access resource from other agencies and funders as appropriate; • Access to loans.
South Ayrshire Bus Dev	Ambition Programme <ul style="list-style-type: none"> • Specialist Framework of Consultants • Grant provision based on business need (Business Action Plan) • Small grant provision to new start up with ability to employ. • Consultancy and grant support for key SMEs impacted by Covid-19 • Collaborative grant to support enhanced economic impact through collective working
Scottish Enterprise	Opportunity Management <ul style="list-style-type: none"> • Move to a flexible approach that is opportunity driven, driving economic, social & environmental change. • Move to a service offer that is people, skills and expertise driven. • Working with companies to scope out opportunities in a more strategic way and to help get the company to a decision point. • Assist companies to source funding to take forward opportunity implementation. • Work with companies that share our values of fair work, greener and more inclusive growth. • Working with regions to offer a responsive and flexible service.

Appendix 4 – Strategic Companies Support Programme

Summary Definition of Strategic Companies in Ayrshire

Companies will be considered strategically important under the following categories: -

Employment

- 10 or more employees in a rural location
- 20 or more employees in an urban location
- 50 or more employees in a location within 10 miles of a regional boundary and therefore likely to be drawing their workforce from more than one Local Authority area – Regionally important
- 150 or more employees - Nationally important

Local Economic Fragility - primarily based on the Travel to Work Area which considers the availability of skills/jobs within that area e.g. Rural areas would score higher in terms of importance as the risk of job losses could mean greater challenges for individuals to find alternative employment.

Sales out-with region

Businesses who import / export from Europe or other third countries and who have been adversely affected by the changes resulting from Brexit.

- Export more than £200,000 to EU
- Export more than £500,000 out-with the region (locally important)
- Export more than £1,000,000 out-with Ayrshire (regionally important)
- Export more than £2,000,000 out-with UK (nationally important)

Priority sectors

Operating in one of the following key sectors

- Visitor economy
- High value engineering
- Aerospace
- Manufacturing
- Food and drink
- Clean growth
- Digital