

The Highland Council
Planning, Development and Infrastructure Committee

Agenda Item	6
Report No	PDI 04/16

17 February 2016

Business Gateway

Report by Director of Development and Infrastructure

Summary

This report updates Members on performance with the Business Gateway contract for Quarter 3, 2015/16, and seeks Members agreement on the Council's representative on Business Loans Scotland Limited.

The delivery of the Business Gateway service is directly supportive of the Council's commitment to the Highland economy, and specifically helps prioritise and support the creation of jobs in Highland.

1. The Business Gateway Service

1.1 The Business Gateway service is the "gateway to business expertise" for the following private and social enterprise customers:

- people thinking of starting up in business;
- new business start-ups;
- local businesses seeking a wide range of support; and
- businesses with specific ambitions to grow.

1.2 It is a service that is free, and is provided through a local network of business advisers based across Highland, a national website and a national contact and enquiry centre. While the Council is responsible for the service in Highland, it is delivered under contract by the Council's wholly owned Enterprise Trust, Highland Opportunity Ltd (HOL). A new contract, covering the period from 2015 until 2018 has recently been finalised with HOL. The Council via this contract also delivers the service on behalf of Moray Council, under a shared service agreement.

2. Performance: 1 September 2015 to 31 December 2015

2.1 The Development and Infrastructure Service meet HOL formally on a monthly and quarterly basis to review contract performance, and to discuss and resolve emerging issues. **Appendix 1** provides a detailed breakdown of performance over the third quarter of the 2015/16 operating year.

2.2 Start-up Activity

50 businesses have been supported to start up this quarter which is slightly behind target. This is normal at this time of the year given the Christmas break. To date 154 have attended these workshops. Demand continues to be high

suggesting that the number of total attendees at workshops will comfortably achieve the target of 380.

2.3 Growth Activity

Business Gateway Advisers across the Highlands have worked with sixteen businesses with growth aspirations this quarter, assisting them with the development of growth action plans. In addition, they are on target for the numbers of high value start-ups engaged with, and close to the target for the numbers of action plans for growth being completed for high value start-ups (i.e. Growth Companies with ambitions to grow turnover by £100k over the next three years).

2.4 Advice to Existing Businesses, serving local markets

106 businesses have accessed advice this quarter which is slightly behind the target. Again this can be put down to a lack of activity over the Christmas holiday period but is anticipated to be on or near to target at year end.

2.5 In summary, overall enquiry levels are slightly behind target, but the numbers of start-ups commencing trading remains encouraging, and indications from Business Gateway are that these numbers will continue to rise in quarter four. Furthermore, the numbers of businesses with growth potential, and the above target increase in the numbers of growth action plans prepared, is encouraging.

2.6 The ability to engage more directly with growth businesses in the Highlands does continue to be hampered by the uncertainty surrounding the approval of the Local Growth Accelerator Programme ERDF application. Members may recall that the original application was submitted in January 2015, approved in September 2015, and the follow-up detailed application submitted in November 2015. Current indications are that approval may be secured by March 2016. The Council continues to provide assistance to HOL to enable them to deliver some elements of the special advice (Recruitment/HR and Procurement) that will be supported by the ERDF Programme.

3. **Highland Council Business Support**

3.1 As detailed above, while HOL delivers the Business Gateway service, the Council is ultimately responsible for the service provided. A key rationale for the transfer of Business Gateway to local government in 2008 was the opportunity it afforded to improve links between other Council Services and Council business related activity, and the potential to add value to this activity for the benefit of business. To this end, Business Gateway is offered and promoted as the “one door” into an important portfolio of business interventions and business support, managed and delivered through HOL. This added value activity includes:

3.1.1 Business Finance

HOL loans amounting to a total of £270,000 have been awarded this quarter. This is significantly ahead of target and may be an indication of unmet demand for the supply of loan finance from the commercial sector.

3.1.2 Scottish Local Authority Loan fund

In May 2015 the Council agreed to become a member of Business Loans Scotland Ltd. (the company set up to manage a pan Scotland local authority loan fund), and to invest £337,500 to access commercial Bank and European Regional Development Funds, to make available a total loan fund of £1,125,000 to Highland businesses. After a delay the Scottish Government have now commenced the process for applying for the EU funds (a procurement process) and, if successfully secured, it is anticipated that the first loans could be made in summer 2016.

3.1.3 In the meantime, significant work has been undertaken to set up the Company and putting in place agreed governance and management arrangements for the Fund across Scotland. Highland Council, together with Moray, Shetland and Argyll and Bute Councils (Eilean Siar and Orkney as associate members), will form a Highlands and Islands Regional Group, from which three Directors will be appointed to sit on the Company Board. The Council is now asked to appoint its representative to sit on the Regional Group. It is currently proposed that this is a senior officer from the Development and Infrastructure Service but that this is reviewed following the local government elections in 2017.

3.2 The practical assistance on offer from Business Gateway can best be illustrated by the examples of assistance used in a series of Question and Answer sessions featured in the local press. These articles best illustrate the wide-range of advice and assistance available. Dynam, a local advertising agency, was able to utilise Business Gateway assistance to enable them to service customer needs nationally and internationally. At the same time they were able to assist with a customer's long held ambition to run their own business, helping them to establish it and then assisting with advice on the further development of the business. See **Appendix 2**.

4. **Implications**

4.1 Resource

The Business Gateway contract is fully funded from the Development and Infrastructure Service revenue budget. Additional activity is funded from the Service's economic initiatives and employability funds, Highland Opportunity Ltd. loan finance, and European Regional Development and Social Funds.

4.2 Equalities, Climate Change/Carbon Clever, Risk, Rural and Gaelic

There are no direct legal, equality, climate change/Carbon Clever, risk, rural or Gaelic implications directly arising from this report.

Recommendation

The Committee is recommended to:

- note performance for the Third Quarter of the Operational Year 2015/16; and
- agree that a senior officer from the Development and Infrastructure Service represent the Council on Business Loans Scotland Limited.

Designation: Director of Development and Infrastructure

Date: 25 January 2016

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APPENDIX 1:**Key Performance Indicators**

The performance indicators and targets used for the delivery of the service are dictated by the national Business Gateway model and reflect the key priorities of business start-up and growth. Support for growth is the key priority for the service. It does however allow an amount of local discretion to provide a service that is responsive to local needs and changing economic circumstances.

The key Performance Targets and performance for the year 2015/16 are outlined below:

Start Up Advisory Service	Qtr 1	Qtr 2	Qtr 3	Y to D	Target 2015/16
Number of volume start up clients who have begun trading	65	63	50	178	252

Growth Advisory Service	Qtr 1	Qtr 2	Qtr 3	Y to D	2015/16
Number of growth companies assisted with growth action plans	15	14	16	45	50
Number of growth companies accepted into a growth pipeline relationship with HIE (seeking to grow turn over by £200k over next 3 yrs.)	0	0	0	0	2
Number of growth companies accepted into HIE account management	0	0	1	1	1

Local Business Advice	Qtr 1	Qtr 2	Qtr 3	Y to D	2015/16
Number of existing businesses accessing advisory services	130	117	106	353	500

Loan Activity	Qtr 1	Qtr 2	Qtr 3	2015/16
Highland Opportunity Loan Funds				
Number of loans	6	2	6	20
Value	£201,000	£60,000	£270,000	£600,000
Princes Trust Youth Business Scotland				
Number of clients supported with loans or grants.	1	1	2	
Number of jobs created and retained as a result of loan activity	28.75	70	114.3	150

Definitions:What is a growth company?

A company that has ambitions to grow its turnover by £100k over the next three years.

What is a growth pipeline company?

A company that has ambitions to grow its turnover by £200k, over the next three years.

What is Account Management?

A business that is in process of or will meet the turnover criteria for account management with HIE and is in a growth sector, defined as education, business services, food and drink, tourism, creative industries, energy and life sciences.

Note: For growth pipeline and account management, although the criteria for access to account management is growth in turnover of £200k over a three year period, the criteria differs in fragile areas, for certain sectors and business types, e.g. social enterprise and activity such as internationalisation.

What is meant by “existing businesses”?

An existing business is any local business that is seeking support whatever its growth aspirations. This will include businesses seeking support to survive in a challenging environment.

Business Gateway Highland Inverness Courier Q&A

Leaving a large advertising agency to go travelling gave Eleanor Neilson time to decide what she wanted to do – run her own business. After moving to the Highlands she invested in Dynam, becoming a joint owner. The agency employs 10 people and offers cutting-edge creativity and marketing to clients from its base in Inverness.

What did you do before setting up your business? My first job was as an account handler in London. I loved every minute of it - it was the time when budgets were big and lunches were long! I gained a lot of invaluable experience and learned how to make myself heard in an ego-driven environment. After that, I took a year out to travel. During that incredible time of adventures and experiences, I decided that one day I'd like to run my own business. I then headed back to Scotland where I worked for a design agency in Edinburgh, before love took me to the Highlands.

Why choose to go into business for yourself and when did you start your current business? I arrived in the Highlands looking for a new challenge; Dynam was looking for a new partner as their senior partner was retiring. I grabbed the opportunity and in 2000, Karen Green and I became joint owners/directors of the business.

What does your business do and why did you choose your current business? We are a creative agency offering branding, marketing and web development services to a wide range of clients who are now based all over Scotland and beyond, e.g. Geneva. From our base in the Highlands, our work also reaches out to raise the profile and help develop a number of businesses operating on global platforms.

Who has helped you get started and develop your business? Over the years, we've used Business Gateway as a sounding board, which has been incredibly useful. We've also been given invaluable support and advice from a long standing client. Recently, we've accessed the Graduate Placement Programme through Business Gateway. This provides us with specialist recruitment advice and funding support to employ a graduate who delivers a project of significant importance to the growth of our business. We're also members of the Design Business Association and are about to embark on its Mentoring Programme.

What achievement are you most proud of? Seeing our brands out there in the marketplace - a number of which are on the worldwide stage - and knowing that our work is making a significant difference to our clients' bottom lines. Over the past 15 years, Karen and I have worked to create an agency that has been described as 'as good an agency as you would find in London' – which proves that it doesn't matter where you are, it's what you do! Dynam's mix of professionalism, rigorous maintenance of the highest standards, our client-centred, collaborative approach, our strong skill set and great team all combine to offer a unique service that gets our clients noticed for all the right reasons.

What was your biggest mistake? When times were tough, we were slow in asking for help; our independent mindset made us think we could do it all on our own. Accepting help has made us stronger and helped the business move forward.

What is the biggest challenge facing your business? Marketing is constantly on the move, and in the online sector in particular, the speed at which everything is happening makes it a challenge to keep pace.

What would help your business? Five years ago, we converted a farmhouse into an office. There are many positives to working in an old building but there are practical downsides; the age of the building means we're still connected to the old telephone exchange lines, and are unable to access superfast broadband. There's no doubt that superfast broadband would make a huge difference to our throughput of work and we hope to be given a timescale to access it soon.

What do you still want to achieve for your business? Like any business, we've had our highs and lows - and that's made the business tougher, more adaptable to change, and responsive to challenges. Fifteen years since we formed the partnership we're still here, and the business is in really good shape. We've got a fantastic team of people working with us, we have a presence in Glasgow, and are on the way to significant growth.

What advice would you give to someone wanting to start a business in Inverness? Get to know the market and access all the advice and support that is available from the outset. Business Gateway has been a great resource; there's also the local Chamber of Commerce, who do a fantastic job. I've also recently joined BNI Highland - a group of like-minded business people who meet once a week in Inverness to share opportunities.

What do you like to do when not working? At the weekends it's all about family time – golf, walking, skiing when there is snow. For me time, I like running, cycling and various classes at the local sports club – exercise definitely keeps me sane, alongside wine, a good book and catching up with friends.

How do you like to spoil yourself? Chips in curry sauce – my guilty pleasure!

Business Gateway Highland Inverness Courier Q&A

A long held ambition to run her own business came to fruition in 2014 when Morag Cameron opened Cameron's tearoom and farm shop in Glenlia, Foyers. The mother-of-four, who previously worked as a flight attendant and restaurant manager, makes everything on site and takes pride in the fact her business is listed at the number one place to eat in Inverness on Tripadvisor.

Q. Why choose to go into business for yourself? I had always wanted to run my own business and after working hard for other people for a long time I decided to give it a go.

Q. Why did you choose your current business and when did you start your current business? I had spotted a gap in the market for a tearoom and farm shop situated on the quieter, south side of Loch Ness. I felt there was a need for a tearoom that was tastefully done and it was a way to diversify the farm. I opened Cameron's in June 2014.

Q. Who has helped you get started and develop your business? My parents are a real driving force and have offered me a lot of support and encouragement, as has my husband and family. Business Gateway Highland was also very helpful and I attended a range of their fully funded workshops including starting up and bookkeeping. A year after I had opened an adviser came out to see me and went over how my business was going and helped me think about opportunities for the future. Business Gateway has always been very helpful and approachable. It's a great resource.

Q. What achievement are you most proud of? It is a very successful business and I couldn't ask for it to be any more successful. I'm proud to be one of the biggest employers on this side of the loch. I employ all year round, and have up to 10 staff during the busy summer months. I'm also very proud of the fact the tearoom has become a social hub and hosts a lot of community events. We have a regular customer base too and to be number one on Tripadvisor is fantastic.

Q. What was your biggest mistake? Thinking I could do everything myself. I thought I could run the business singlehandedly but quickly realised I had to loosen my grip and employ people. I'd also got to the point where I felt I couldn't keep phoning family and friends to come in and help out!

Q. What is the biggest challenge facing your business? My husband works full-time and we have four children aged six to 15 years of age so one of the biggest challenges is juggling family life with work. Another is ensuring we maintain our high standards. We strive to make sure every customer has the best experience possible. To do that every member of staff needs to be on board, and luckily everyone I employ is. I also keep coming up with new ideas and have to constantly pull myself back as I've achieved something special and unique here and don't want to do anything that might tip the balance.

Q. What would help your business? More tourists on the south side of Loch Ness and signage. I am very busy but would be even more so if I was on the north side. This side of the loch is beautiful and has a lot to offer visitors, including a wide range of unique businesses. At present I am working with

the local tourist group and hopefully together we will be able to erect signage to draw more people here.

Q. What would you still want to achieve for your business? I want to expand the farm shop and produce more things on the farm. To do this I need to source more local produce such as vegetables and meat.

Q. What advice would you give to someone wanting to start their own business in Inverness? Go for it but do your research first. Working for yourself is very rewarding but it is hard and the hours can be long. Go to Business Gateway for advice as the service is free.

Q. What do you like to do when you are not working? Spend time with my husband and children. We like to go for walks and cycles, taking advantage of the beautiful countryside of Foyer.

Q. How do you like to spoil yourself? I don't have time to spoil myself but we went on our first family holiday aboard this year since we took on the farm 12 years ago. That was fantastic so I'd love to do that again.

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