

THE HIGHLAND COUNCIL

LOCHABER COMMITTEE

23 AUGUST 2016

Agenda Item	7
Report No	LA/18/16

BUSINESS DEVELOPMENT: LOCHABER UPDATE

Report by Director of Development and Infrastructure

Summary

This report updates Members on the performance of the Council's business development services in Lochaber. It summarises the delivery of the Business Gateway over the first quarter of 2016, and informs Members on progress with Council involvement in local business development activity in Lochaber during the first quarter of 2016/17.

Members will be aware that the Business Gateway Service, as well as access to finance services are now being delivered directly by the Development and Infrastructure Service.

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.

The Council, through its Access to Finance schemes, is committed to the delivery of business development services aimed at supporting small businesses and Highland entrepreneurs with advice and finance.

1 Background

1.1 The Council's Business Gateway and Access to Finance Services were previously delivered by Highland Opportunity Limited (HOL). The decision taken by the HOL Board to wind up the company has led to the Council becoming directly involved in the delivery of all the Council's business development services. Further information on these services in Lochaber is detailed in **Appendix 1** of this report. These include responsibility for the delivery of the Business Gateway throughout the Highlands, as well as "access to finance" services such as the Highland Opportunity Loan Funds, and the emerging Local Authority Loan Fund (Business Loans Scotland).

1.2 This report will provide Members of the Lochaber Area Committee with a twice yearly report on business development activity directly delivered by the Council in the area.

2. The Business Gateway Service

2.1 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.

2.2 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. The service is now being delivered directly by the Council, and we will also continue to deliver the service on behalf of Moray Council, under a shared service agreement.

3. Highland Council Business Development Services

3.1 In addition to Business Gateway the Development and Infrastructure Service also delivers a wide range of services to businesses. **Appendix 1** of this report gives a detailed breakdown of the performance of these services over the previous quarter, April to June 2016, some of the main points are summarised below.

4. Business Gateway Quarter One Activity

Start-up Activity

The end of the first quarter has seen eleven businesses assisted to start up so far this financial year in Lochaber.

Growth Activity

Business Gateway in Lochaber is working with a number of businesses with growth aspirations. Over the course of the first quarter of 2016/17 a total of five businesses across a variety of sectors, although predominantly Tourism and Food and Drink, are currently being supported with the development of growth action plans. Across the Highlands there has been an upturn in the numbers of businesses being accepted into growth pipeline, and into Account Management with HIE.

ERDF/Local Growth Accelerator Programme

The procurement process for the delivery of the Local Growth Accelerator Programme is now underway, and we hope to have the additional growth services available to businesses in the Highlands by the final quarter of the financial year. Limited operations have continued since April 2015 in relation to the Graduate Placement Programme (details below) and the delivery of HR Advice. The full quarterly report attached as an appendix to this report gives some examples of where this programme has been utilised in Lochaber.

Advice to Existing Businesses, serving local markets

Business Gateway continues to offer assistance to businesses in general across the Highlands. A total of 39 businesses in Lochaber have accessed advice during this quarter, well ahead of target.

4.1 Graduate Placement Programme

This programme offers businesses an opportunity to recruit a graduate for six to twelve months, to deliver a growth related project. The subsidy is up to 50% of the graduate's gross salary. Alongside this financial assistance, the businesses that participate in the programme can also benefit from utilising Business Gateway's team of advisers who can offer guidance on business plans all the way through to the recruitment process. Further information on how the programme is delivered in Lochaber is contained in the accompanying appendix to this report.

4.2 Employment Grants Scheme

Supported by the European Social Fund, an Employment Grant provides a wage subsidy to businesses that create permanent posts for people who are currently out of work. The grant subsidy is set at between 30-50% of the new recruit's wages, and can last for six months to one year. In addition, businesses benefit from the assistance of Business Gateway's specialist recruitment advisors.

4.3 Tourism Development

The Council continues to support the activities undertaken by Lochaber Chamber of Commerce to develop the destination and promote it as the Outdoor Capital of the UK. This support is provided through an annual Service Level Agreement that specifies a number of activities to be undertaken including:-

- Networking events for local tourism businesses including hosting a Lochaber tourism summit.
- Hosting of events during Lochaber Ideas Week
- Assist with the Fort William Mountain Festival, Wild Lochaber and proposed Food & Drink Festivals
- Promoting Lochaber at consumer and trade events, through social media activity and by supporting or hosting of press trips by travel writers.
- Representing the interests of the local tourism industry by engaging with other regional and national groups.

Funding of £10,000 is provided to assist Lochaber Chamber of Commerce in delivering these activities.

Both the Highland Council and Lochaber Chamber of Commerce are members of Cruise Scotland and through its activities promote Fort William as destination for Cruise ships. Attendance at Cruise Exhibitions in 2015 resulted in a booking for the Cruise Ship "Boudicca" for September 2016 with a further 6 bookings pencilled in for 2017. The Council is assisting a number of local partners in preparing for this visit – the first to use the new Fort William pontoons – including a one off funding package towards business engagement regarding cruise visits and shore welcome activities. The Council is also attending the Seatrade Europe exhibition in September 2016 with Cruise Scotland to continue promoting the area and to encourage further cruise visits.

4.4 Access to Finance

The Access to Finance Services previously delivered by HOL on behalf of the Council has now been fully assimilated into the Development and Infrastructure Service. A break-down of activity in Lochaber is contained in the activity report attached as an appendix to this report.

4.5 Enterprise Europe Network (EEN)

The Enterprise Europe Network has transferred to the direct management of the Council. It provides Highland businesses with a range of support aimed at encouraging them to consider internationalisation through the provision of a specialist advisory service. A breakdown of EEN activity across the Highlands is

contained in the attached appendix. The recent referendum vote for leaving the European Union makes the services that the EEN deliver of particular relevance to Highland businesses, helping them to continue to trade successfully once the UK formally leaves the European Union. The Council is currently in negotiation with Scottish Enterprise with a view to the future funding of the service in the Highlands.

4.6 HR and Public Procurement Support

A limited service is currently being provided, while we conclude the procurement exercise. Further details are available in the report attached as an appendix to this report. It is important to note that businesses in Lochaber continue to receive assistance with HR issues as well as with public procurement support.

5 Implications

5.1 Resource

The Business Gateway service 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 Investments Ltd, as well as financial support from the European Regional Development and Social Funds.

5.2 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.

5.3 Legal/Risk

When securing external funding the Council is required in effect to enter into contractual agreements with the Scottish Government to ensure the funds are correctly utilised and accounted for. If this is not done correctly the Council will be financially at risk of not being able to reclaim the funds involved and reputationally at risk of being perceived as unable to manage public funds correctly.

Recommendation

The Committee is recommended to:

(i) Note Business Development Service performance in Lochaber for the 1st Quarter of 2016/17.

Designation: Director of Development and Infrastructure

Date: 28 July 2016

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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 development
leasachadh gnothachais

Quarter 1 Activity Report
Lochaber

April – June 2016

Quarterly Review

This first quarter sees the transfer of the Business Gateway Service into the direct management of the Council. The local Business Gateway office is now based in Lochaber House.

Historically in Lochaber this period is generally quieter for the service given the summer trading season for many businesses and the start of the school holidays. Enquiries for start-up support have remained steady and the first quarter has seen 11 new businesses start up in the Lochaber area with assistance from Business Gateway.

In general terms the area has had a good start to the busy summer season. The Downhill Mountain Bike World Championships and the Scottish Six Days Trials both brought tens of thousands of visitors to the area. Accommodation providers were full during both these events and continue to enjoy a good season. Fort William also saw the completion of a new pontoon facility in the West End car park which will allow for cruise ship visitors to the area to come onshore to enjoy what Fort William has to offer.

Business Gateway has recently started working with a local smokehouse which will see the creation of a new smokehouse/visitor centre in Onich, just outside of Fort William (subject to planning and funding). There are no other such businesses currently operating in the immediate Fort William area.

Existing businesses continue to show growth aspirations with a number looking to employ people, take on new premises and develop new markets. We have been working with these businesses to help them achieve their growth ambitions through one to one advice and workshops. A number are working on business growth plans, with their adviser checking the viability of any development plans ahead of any implementation or further investment. We also continue to collaborate with our key stakeholders to ensure these businesses are supported at all stages in their development.

This quarter we have been involved in the official opening of Three Wise Monkeys climbing wall which Business Gateway has worked with over the last twelve months helping the business get off the ground. This has included the creation of seven full time jobs. The new indoor climbing facility accessed a number of our products and services including two Graduate Placements and is expected to be an important part of the "Outdoor Capital of the UK" offering for visitors to the area. The facility has also created a number of full time permanent jobs as well as part time and seasonal.

Based on our start up statistics and on enquiries regarding expansion from existing businesses, particularly those looking for finance to fund their growth ambitions this quarter, we now hold joint Business Gateway and access to finance meetings with clients. This has led to them successfully securing loan funding from a variety of sources to support their growth ambitions.

Our clients continue to receive a high level of service and the recent progressive report from Business Gateway National also been very positive. Our delivery is client facing and our expertise is to engage with the many and varied businesses in the Highland area. There is continued focus on the priority sectors identified by the Scottish Government as having the most impact on the economy.

There have been 39 enquiries in the quarter, the majority from the Tourism and Food and drink sectors. We are currently working on Growth Action Plans for five businesses in quarter 2.

Business Start up

A total of 11 businesses registered with HMRC in the first quarter of 2016. Primarily sole traders (and one partnership) operating in a number of sectors including – Tourism; Food & Drink and Creative Industries. Clients were assisted on a number of start-up topics including business planning; accessing finance; market intelligence as well referrals being made to HIE for support from their Strengthening Communities remit. Business Gateway Lochaber is currently assisting Lochaber Cinema Group. They are looking to open a community owned and run cinema in Fort William town centre. We are currently offering them support with business planning as well as looking at various funding options to assist with capital costs.

Business Growth

There has been little business growth support in the first quarter given that many businesses are operating in the peak summer season and are not looking to develop/grow their businesses during this time. However, as we move into quarter 2 we have five growth Businesses in progress, these include a smokehouse in Glenuig and a mussel farm just outside of Fort William.

Our local area adviser meets monthly with Highland and Islands Enterprise. The process includes a contact form where we share information on the businesses we are working with and if there are potential links, along with growth pipeline and account management discussions. This is now all recorded so that we can review the progress of the businesses. In the first quarter we have delivered more than the whole of the last financial year for growth pipeline and account management across Highland. We would hope to continue our proactive approach in Lochaber, and are now working actively on joint initiatives including the Innovate Your Business initiative. The lack of ERDF funding has delayed some of our planned activities aimed at stimulating growth within businesses we have identified as having growth potential. Our own ERDF Funded Local Growth Accelerator Programme should be in place by quarter 4 and will be the platform to help these growing businesses. Meanwhile, The Graduate Placement Programme has helped a number of our businesses develop their skills base and to deliver specific growth related projects within their business.

Specialist advice

There have been a few complex cases over this quarter including Silver Sea Mussels. This business was supported in its acquisition of Glencoe Mussels. Our advice included options for acquisition, business planning and successful access to finance. We also assisted the business lever a six figure sum via the [Funding Circle](#), a peer to peer funding platform that brings businesses together with potential investors, to help towards the project's costs. This has resulted in the business being retained in the area and moving forward with plans to recruit new staff, this is also being progressed with assistance from the Business Gateway recruitment team.

Marketing/PR

Local activity

This first quarter Business Gateway has seen a good amount of visibility via local marketing activity. It covered a broad mix of media and used a number of platforms to deliver visibility for the Business Gateway service in Highland:

- There have been nine Q&A features in this quarter in Highland. These features are an in depth conversation, as part of the publications editorial content, with business owners that have been helped by Business Gateway on the pros and cons of running a business.
- Business Gateway featured heavily in the Scottish Provisional Press Group newspapers supplement Business Matters which showcased a number of our current clients.

- Social media – Business Gateway services continues to be very visible through the local Facebook page in Lochaber. We continue to build useful engagement and numbers within the social media stream. Our local approach can drill down to specific demographics within communities and can therefore produce a filtering process. Twitter continues to be useful to signpost workshops, events and partnership working. More recently we had very short notice on new Digital workshops being launched and through our Facebook database filled all of the spaces.
- Press ads – There has been some activity in this last quarter including a number of start-up ads in the local press but also a focus on growing businesses as we started the New Year. There has been full page advertising in the Executive and the new P&J backed business publication The Leader.
- Xpo North, the creative industries event was a useful visibility vehicle for Business Gateway with some 1200 visitors at the event.
- New annual advertising contract signed by BG National with Inverness Airport over the next year with the following with 8 x digital screens and a 6 sheet at Inverness Airport. The artwork will stay the same for the moment (all calls to action are localised) but there will be a change with the new creative in the autumn.
- The Q2 BG National advertising plan has been approved and locally we have added a cross section of platforms, from bus backs to radio.

Access to Finance

A number of clients have been assisted with enquiries for financial assistance for both start up and growth support. Start-up clients have been referred to SULCo (UK Government Start-Up Loan Company) and have accessed our business planning support to assist with applications for this product. A number of enquiries have also been made for the Council's Opportunity Fund including the mussel farm and smokehouse which have been mentioned in the "Quarterly Review" section of this report. Referrals have also been made to Highlands & Islands Enterprise for one off capital support (camp site on the Isle of Canna).

BG Recruitment Support

The first quarter of this year has been busy in terms of recruitment/employment enquiries. The enquiries continue to be a mixture of funding, recruitment and employment basics and HR queries. Repeat enquiries from clients continue to be a significant percentage of work especially with the continued changes to employment matters such as pensions.

HR support

This quarter has seen a steady number of HR enquiries. Due to the ERDF regulations the work of the recruitment advisers is now split differently. The HR Adviser in Lochaber will now be taking on a wider scope of work, combining Employability activities with HR responsibilities (businesses requiring basic HR and recruitment queries such as employment contract templates, annual leave issues and recruitment processes). We have successfully streamlined the Graduate Placement Programme (GPP) application process and made it more user friendly, this is having a positive effect on the applications. The programme has also been advertised locally. The number of businesses interested in the programme has increased this quarter. The expectation is for the number of graduate placement applications to continue to increase in the next quarter. The Graduate Placement scheme was delivered via recruitment advisers this will now be handled in the main by the Business Gateway Advisers focussing on funded activities for growth clients.

We will continue to promote the programme in the Lochaber area and work with eligible businesses to support the development of business growth plans, assist with the application and provide business support and specialist advice where required.

The Business Gateway HR support service continues to receive referrals through Council colleagues, Skills Development Scotland, Jobcentre Plus, HIE and other organisations.

The Scottish Employer Recruitment Incentive (SERI), a Scottish Government fund administered through Skills Development Scotland in conjunction with the Council, reopened at the start of April. With only 11 spaces for the whole of the Highland Council area it was fully committed by mid-May. The SERI scheme will be reviewed in September/October and we have requested more places should there be a next round. The Highland Council's own Employment Grant is available to micro businesses with the aim of supporting employment opportunities for individuals with significant barriers to employment such as a disability, homelessness, low skills, no work experience etc. This has enjoyed success across the Highland area with fifteen businesses supported with grant funding. We continue to engage with businesses to promote this scheme.

Snapshot of Activities and Events

April 2016

BG Team Meeting
HC Employability Pipeline Meeting
LGAP Meeting
HC Employability Team Meeting
Procurement Training
Peninsula Employment Law Update

May 2016

HC Framework Meeting
Lochaber Partnership Marketplace Event
Three Wise Monkeys Opening event (Client)
Employment Law Seminar, Fort William

June 2016

Pensions Auto Enrolment Webinar

Snapshot of Business Gateway next quarter visibility:

- West Highland College and Business Gateway are teaming up for their Outdoor Adventure Tourism degree students with potential workshops and mentoring.
- We have started dialogue with Nevis Radio to have a monthly live 'Businessfile' feature. Every month we would hope to focus on a topical subject, along with a studio guest. We would also take calls from listeners with general business questions.
- We will also be re-engaging with the Chamber of Commerce, as our involvement has been less in recent times since their amalgamation with the Outdoor Capital of the UK (OCUK)
- Two workshops running in September are Successful Marketing and Promotion and Effective Business Record Keeping.
- The employability team at the West Highland College are also keen for us to work with some of their clients who are looking at self-employment. We will be pursuing both of these in quarter 2.

European Enterprise Network (EEN)

The Enterprise Europe Network exists to help small and medium sized companies (SMEs) in Europe to internationalise and make the most of opportunities in the single market. Enterprise Europe Scotland is a partner of this network and internationalisation services offered by the network are delivered by Highland Council. EEN Innovation services are delivered by HIE. The key internationalisation services available through the Enterprise Europe network are:

- Access to the network:** 3000 staff, 600 partners, 60 countries all able to assist with enquiries and finding the right business partner.
- Advice and Information:** on doing business in Europe such as EU legislation, policy, VAT and taxation in Europe. We can provide market information, country profiles, trade statistics and company lists.
- Partner Search:** a database with over 8000 live opportunities of companies looking for distributors, agents, joint ventures and suppliers, opportunity to publish profiles.
- Events:** information and brokerage events, scheduled 1-2-1 meetings often attached to large international trade fairs.
- Voice on EU legislation:** EEN can link companies into the European consultation process to have a say on shaping future legislation that affects business and feedback on proposals and initiatives

Examples of recent enquiries:

- IT company looking for market information from across Europe as well as suppliers of MIS systems.
- Textile company looking for market information for the USA.
- Jeweller requesting contact information for potential partners/retailers in Denmark.
- Tourism business requesting information on brokerage events at international trade fairs.
- Business support organisation looking for information on EU labelling legislation.
- Fisheries sector company looking for distributors in Germany.
- Highland energy business seeking contacts for potential European partnerships.

Engagement with Stakeholders:

- Various meetings with HIE's internationalisation team
- Invited to speak at HIE/SDI's "Doing Business in Scandinavia" event on 18th April
- Invited to speak at SE/SDI's "Doing Business in Scandinavia" event on 19th April
- Invited to speak at HIE's "Preparing to Export" course on 25th May
- Invited to speak at HIE's "Doing Business in France" event on 7th June
- Various meetings with Inverness Chamber of Commerce
- Co-ordinated and organised "Reaching Customers Overseas" event in Aviemore on 5th May

Other significant activity:

Xpo North – the EEN team co-ordinated and organised a two-day brokerage event at Xpo North on 8th and 9th June. The event was open to all businesses in the area. 112 meetings were arranged, 22 of these meetings were trans-national.