

**The Highland Council**  
**City of Inverness Area Committee**

**1 September 2016**

Agenda Item	9
Report No	CIA/37/16

**Business Development: Inverness Update**

**Report by Director of Development and Infrastructure**

**Summary**

This report updates Members on the performance of the Council's business development services in Inverness. 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 Inverness during the first quarter of 2016/17.

Members will be aware that the Business Gateway Service, as well as access to finance services, is 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 Inverness is detailed in **Appendix 1** of this report. This includes 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 Inverness 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**

#### **4.1 Start-up Activity**

The end of the first quarter has seen 35 businesses assisted to start up so far this financial year in Inverness.

#### **4.2 Growth Activity**

Business Gateway in Inverness is working with a number of businesses with growth aspirations. Over the course of the first quarter of 2016/17 there were two businesses that accessed the services and are currently being supported with the development of growth action plans. Across the Highlands there has been an upturn in the number of businesses being accepted into growth pipeline, and into Account Management with HIE.

#### **4.3 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 Inverness.

#### **4.4 Advice to Existing Businesses, serving local markets**

Business Gateway continues to offer assistance to businesses in general across the Highlands. A total of 151 businesses in Inverness have accessed advice during this quarter, well ahead of target.

#### **4.5 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. During the quarter a total of seven Graduate Placement Programmes have been made, four of those in the Inverness area.

Further information on how the programme is delivered in Inverness 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. Four grants have been awarded this quarter in Inverness. In addition, businesses benefit from the assistance of Business Gateway's specialist recruitment advisors.

#### 4.3 Tourism Development

4.3.1 The Council continues to support the activities undertaken by the tourism BID - Visit Inverness Loch Ness to develop and promote the Inverness and Loch Ness area as a tourism destination and promote it. 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;
- working to increase participation in World Host;
- work to improve the visibility of Loch Ness and feasibility work into a Loch Ness scenic routes project;
- promoting Inverness and Loch Ness through working on a dedicated overseas marketing campaign with VisitBritain, attendance at trade events, production of film footage, social media activity and by supporting or hosting of press trips by travel writers and bloggers;
- activity to attract conferences and business tourism; and
- representing the interests of the local tourism industry by engaging with other regional and national groups.

4.3.2 Funding of £10,000 is provided from the Council's Tourism Development budget to assist Visit Inverness Loch Ness in delivering these activities.

4.3.3 The Highland Council also works with Cruise Scotland and individual ports to help promote the Highlands to the Cruise ship market, for example through attending the Seatrade Europe exhibition in September 2016 along with Cruise Scotland and while none of the Cruises ships themselves come into Inverness the area benefits significantly from excursions organised when ships come into Invergordon. Additional work is under way with Visit Inverness Loch Ness to help maximise the benefits businesses get from these 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 Inverness 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 Inverness 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 note Business Development Service performance in Inverness for the 1st Quarter of 2016/17.

Designation: Director of Development and Infrastructure

Date: 12 August 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**

**Quarterly Activity Report**  
**Inverness**

**April – June 2016**

## Quarterly Review

This first quarter sees the transfer of the Business Gateway Service into the direct management of The Highland Council. Our local Business Gateway office remains on Castle Street in Inverness. Accordingly, we have ensured that service levels to our clients are unaffected. This shift means operationally we now have direct access to all of The Highland Council resources and infrastructure.

There have been 151 enquiries from start-up and existing business during this period. 119 new enquiries and 32 repeat. A significant number of these enquiries have resulted in a number of conversions into new start-up businesses. 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 with some working on business growth plans with their adviser to check on the viability of any development plans they have prior to 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.

Underlying trends, based on business engagement evidence would suggest that growth in the Inverness area is continuing to be evident across a range of different sectors. This is evidenced through our start up statistics and also based on enquiries regarding expansion from existing businesses, particularly those looking for finance to fund their growth ambitions. This quarter, a number of BG joint client business meetings have been held in conjunction with the Opportunity Funds Investment Manager, which have led to the successful securing of loan funds.

More generally, Inverness has been enjoying something of a development boom in recent times. Improved connectivity through Inverness Airport is helping to bring tourists and investment into the city. In the city centre, discussions are underway on how to maximise the tourist appeal of Inverness Castle, currently used by the Scottish Court Service and Highland Council. Other developments in the city centre include the £3.2m regeneration of Academy Street, one of Inverness's most historic streets, with a number of listed buildings. The £3bn dualling of the A9 between Perth and Inverness will further improve accessibility, as will Transport Scotland's Aberdeen to Inverness rail improvement programme, designed to significantly improve journey times and connectivity for both passenger and freight traffic at a cost of up to £500m.

Highlands and Islands Enterprise and BT are investing £146m in superfast broadband and work has also begun on Highland Council's £43m West Link road project, which has been in discussion for 40 years. The West Link project includes the relocation and redevelopment of the 18-hole Torvean Golf Course and an upgraded clubhouse and new all-weather pitch for Highland Rugby Club. Other milestone events this year have included the opening of the £100m Inverness Campus – a 215-acre business, research and education site that includes a designated enterprise area for life sciences and 30 acres of new parkland and public amenities. The site, billed as one of Scotland's most ambitious economic development projects, is being developed by Highlands and Islands Enterprise to encourage further growth of the burgeoning life sciences sector in the Inner Moray Firth area.

## Business Start up

This quarter has continued to see a steady number of enquiries from people thinking about starting their own business in the Inverness and Nairn area. The rate of new businesses starting up has continued to remain sluggish and recorded new starts totalled 35 during the quarter. There were eight start-up workshops held during the quarter and included 'Start Your Own Business', 'Effective Business Record-keeping', 'Successful Marketing & Promotion', 'Registering for Self-Employment', 'PR on a Shoestring', 'Importance of Branding' and 'Business Expenses – What Can I Claim?'. A flavour of the type of businesses that Business Gateway have helped start to trade during the quarter range from a craft shop, to a tour guide, fashion retailer to an online entertainment technology business, property services, I.T. services, business consultancy and textile retailer.

During the quarter, Business Gateway worked with two female entrepreneurs to help set up their business consultancy service. Industry professionals, the couple approached Business Gateway looking for information and guidance around the best legal structure for their business and the implications of each option. Having discussed the various options open to them, the ladies decided to go down the route of

forming a partnership and Business Gateway provided them with the tools to help put this in place as smoothly as possible. The business is now successfully trading providing project management delivery and guidance on training and industry specific qualifications.

## **Business Growth**

Two additional businesses with growth potential were supported this quarter to develop a growth plan and we will look to prospect for and work with more as the year progresses. The delay in the implementation of the planned menu of Business Gateway growth activities due to funding set-backs continues to have an impact on the number of growth clients potentially being worked with. It is envisaged that once Business Gateway's additional growth services are in place, numbers of growth action plans being worked on will increase. The action plans agreed to date are with businesses showing significant growth indicators, this includes increasing turnover, employing new staff for the first time and developing new target markets for their products and services. A forestry contractor and environmental consultancy business were supported this quarter.

Over the year, Business Gateway held a number of business support sessions and advisory meetings with a new healthcare technology business that had spun out of University and based in The Centre for Health Science in Inverness. Ongoing business plan support and entry to the Scottish Edge business competition all provided valuable assistance in the business being successfully accepted into account management by Highlands & Islands Enterprise, allowing them to access HIE's package of business support products and services.

## **Specialist advice**

During the quarter, specialist support was provided in-house for specific issues relating to client's growth plans, particularly around the areas of winning public contracts, accessing business finance and employing staff. Limited industry specific support will continue be provided in-house where the knowledge and skills exist amongst the BG team and included in the monthly statistical returns with no additional cost being attributed to this. This quarter, a number of BG joint client business meetings have been held in conjunction with the Access To Finance Adviser/Investment Manager. Types of businesses included a ladies fashion retailer, online technology entertainment provider and swimming teacher.

A local specialist retail outlet, originally supported by Business Gateway to start-up a number of years ago, approached us again during the quarter with a particularly tricky request. They had reached a pivotal stage in their business where they needed some guidance on how best to grow the business and perhaps consider other options such as selling up, bringing on additional partners or introducing fresh investment. A specialist advice session was held using the expertise of one of the internal Business Gateway team and the client was guided through a number of options including looking at larger premises, additional outlets, franchising, partnering with an established successful brand and bringing in external investment. A detailed report and action plan was then produced for the client to help provide a process to follow and framework for future discussion and support from with the local Business Gateway team.

## **Marketing/PR**

### **Local activity**

This first quarter Business Gateway has had a good amount of visibility via local marketing activity, covering 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 and their 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

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## 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. There were three businesses assisted and three jobs created

## 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. Emma Lawson in Lochaber will be taking on more of the Highland Council's employability work as well as continuing to work with 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 Inverness 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 the (senior) Area Business Managers, Skills Development Scotland, Jobcentre Plus, HIE and other organisations.

The Scottish Employer Recruitment Incentive (SERI) reopened at the start of April, with only 11 spaces for the whole of the Highland Council area, and 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, which supports employment of those with significant barriers to employment including disability, homeless, 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

Meeting - Inverness City manager, Victorian Market

Meeting – Susan Addison, HIE IMF Update

### May 2016

Meeting – Interface, Carol-Ann Adams

Meeting – Andy Maxtone, Developing Young Workforce programme

Meeting – Academy Street Action Group

BG workshop clinic – Start Your Own Business

HIE Innovate Your Business Clinic

Meet The Adviser Clinic - Aviemore

### June 2016

Meeting – Business Gateway Information Service Update

Meeting – XpoNorth How To Guide for public services

Attendance at XpoNorth

Meeting – Stewart Miller, Export Adviser

Meeting – HIE IMF Update

BG Workshop clinic – Record Keeping

## Snapshot of Business Gateway next quarter visibility:

BG Workshop clinic – Start Your Own Business

Meeting – HIE IMF Updates

BG Workshop Clinic – Marketing & Promotion

BG Workshop Clinic – Record Keeping

Academy Street Action Group Meeting

Local Area Committee meeting

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

**Other significant activity:**

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