

**THE HIGHLAND COUNCIL**  
**CAITHNESS AREA COMMITTEE**

**31 AUGUST 2016**

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| Agenda Item |  |
| Report No   |  |

**BUSINESS DEVELOPMENT: CAITHNESS UPDATE**

**Report by Director of Development and Infrastructure**

**Summary**

This report updates Members on the performance of the Council's business development services in Caithness. 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 Caithness 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 Caithness 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 Caithness 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. Highland Council Business Development Services**

4.1 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.

#### **Business Gateway Quarter One Activity**

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

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

##### **Growth Activity**

Business Gateway in Caithness continues to work with businesses with growth aspirations. Over the course of the first quarter of 2016/17 the local adviser has been working with one business in the transport sector, assisting them with the development of a growth action plan.

##### **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 Caithness.

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

Business Gateway continues to offer assistance to businesses in general across the Highlands. A total of 64 businesses in Caithness have accessed advice during this quarter, well ahead of target.

#### 4.3 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. Currently in Caithness there are two businesses receiving assistance with the costs of employing a graduate trainee.

#### 4.4 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. There are eight businesses in Caithness currently receiving assistance through the Employment Grants Scheme. In addition, businesses benefit from the assistance of Business Gateway's specialist recruitment advisors.

#### 4.5 Tourism Development

The Council continues to support the activities undertaken by Venture North to develop and promote the wider Caithness & Sutherland 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 including a digital media event;
- assist with an Archaeology Festival, a Food & Drink Festival and a Music Festival as a means of attracting visitors to the area;
- working with businesses and Caithness Chamber of Commerce to increase participation in World Host;
- work with tourism businesses and other tourism groups to encourage business participation in and the further development of the North Coast 500;
- promoting Caithness & Sutherland through production of short video clips, social media activity and by supporting or hosting of press trips by travel writers and bloggers;
- representing the interests of the local tourism industry by engaging with other regional and national groups; and
- funding of £5,000 is provided to assist Venture North in delivering these activities.

The Highland Council 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 Scrabster is one of the ports seeing benefits from this.

#### 4.6 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 Caithness is contained in the activity report attached as an appendix to this report.

#### 4.7 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.

#### 4.8 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 Caithness 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 Caithness 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**

**Quarter 1 Activity Report**  
**April – June 2016**  
**Caithness**

## Quarterly Review

This first quarter sees the transfer of the Business Gateway Service into the direct management of The Highland Council. The local Business Gateway advisor is located within the Caithness area. 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

The number of Business Gateway enquiries in this first quarter has shown an increase with a total of 64. The number of new enquiries has also increased to 49, compared to 47 for the same period last year, with enquiries from almost every sector. The highest number of enquiries has come from the Tourism/Hospitality sector, followed by Personal Services and then Food and Drink and Creative/ Cultural.

Business start-up figures for the period are on target, with several new start-ups pending.

The number of clients seeking funding advice and assistance with potential loan applications remains steady, with continuing interest in loans through the Opportunity Loan Fund and the Government's Start Up Loan Company. Enquiries for Prince's Trust funding have increased over the quarter and two 'Will it Work' Grant applications have been submitted.

Good communication continues with our other agencies including HIE, Caithness & North Sutherland Regeneration Partnership, Caithness Chamber of Commerce, Interface, Skills Development Scotland, local banks, solicitors and chartered accountants.

Optimism for the future of the Caithness economy remains high with confirmation of several encouraging developments in the area.

## Caithness Economy

*Wick Harbour:* In May 2016 it was announced that the £2.6 billion Beatrice Offshore Windfarm will go ahead, with Wick Harbour the preferred supply base for the project. A £10 million infrastructure investment project at the harbour is likely to create significant jobs for the area. Wick Harbour will be used for shipping in and out equipment, turbines and construction workers.

Local companies are already benefitting from this project including:

- Subsea 7, based at Wester, will be involved in the fabrication and installation of foundations and cables for the offshore turbines

Other local Caithness businesses are also in a good position to support the Beatrice development, with many now having wide ranging skills and expertise due to their involvement in recent SSE work throughout the county

*NDA Nuclear Archive, Wick:* Construction of the building is now at an advanced stage. Recruitment events were recently held which generated considerable local interest in the wide range of employment opportunities to be created on completion of the archive building.

*Tourism:* Most hotels, guest houses and B&Bs in the county have had a successful year to date - the popular 'North Coast 500' Route has resulted in increased numbers of tourists to the county - and

companies working on renewable projects in the area have been block booking accommodation for their workers in advance.

John O'Groats has welcomed a new Coffee House & Bistro. This business received start-up advice and support from Business Gateway.

*Food & Drink:* Two local businesses – Dunnet Bay Distillers (Rock Rose Gin) and Reid's of Caithness (Bakery) have been nominated in the Highlands and Food & Drink Awards which will be held later this year.

*Other Local Business News:* Local company JGC Engineering Services has been awarded a major contract to support the Rampion offshore windfarm development off the south coast of England. JGC will design, manufacture and supply support modules for this £1.3 billion contract.

## **Business Start up**

In the first quarter there were seven business start-ups These included a wide range of sectors of new businesses with *Dog Grooming; Creative Industries; Make-Up Artist; Photography; Tourism; Coffee House & Bistro; and Engineering Services*

The Make-up Artist new business was assisted by Business Gateway and included preparing an application for a Prince's Trust 'Will it Work' grant of £250 to enable her to buy materials which resulted in her new business starting in April. This demonstrates the work being done by bus to help lever assistance from other agencies.

## **Business Growth**

During the quarter, one of the Growth Action Plans submitted was for a transport-related business. This company which is showing potential for significant growth is already recruiting new staff and is receiving Business Gateway assistance with preparing a business plan/financials for accessing loan funding, as well as recruitment assistance and advice.

## **Specialist advice**

Our Specialist Advice service (using external experts to provide support to our clients) is still on hold pending our ERDF funding. We are confident this is moving forward and the timeframe should now be the in the final quarter for delivery.

However, we continue to work closely with Interface (providing academic input and innovation support), HISEZ (for social enterprises), Emergents (Creative Industries) and Digital Highland; each providing direct advice and support to our clients. For example, three clients in this quarter have been successfully signposted to Interface - and one to the Scottish Manufacturing Advisory Service (SMAS)

Several of our businesses are being supported by HIE's exporting advisory service and two others are receiving support from the HIE Innovations 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 Sutherland. 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. Much of our work is therefore preparing clients for loan applications from the public or private sector. This includes a revised Highland Opportunity loan fund (now administered by the Highland Council) and our partnership with the Start Up Loan Company. During the quarter, 10 businesses have been given advice and support in the preparation of business plans/financials for applications for loan funding through the Opportunity Fund and the Government's Start-Up Loan Scheme.

Advice and support has also been given to three clients for potential Prince's Trust grant assistance, with two 'Will it Work' grants of £250 having been submitted.

## **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 Caithness 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 Caithness 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. Some examples of the support for Caithness businesses includes:

- a business in the Food & Drink sector - assistance with an Employment Grant application which was subsequently approved
- a retail/plant hire business having difficulty in recruiting staff - advice on job adverts/recruitment of staff.
- a Digital Marketing/IT business – initial advice and support with an application for a Highland Council Graduate Placement grant

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

- Client meetings with Emma Lawson, Recruitment Adviser, in Caithness re recruitment/EGS applications
- Client meetings with Robin Jackson, HOIL Investment Manager in Caithness re loan funding
- BG Team Meeting in Inverness
- BG North Team Meeting in Golspie
- Meeting with HIE in Thurso (Hilary Budge)

### May 2016

- Meeting with RBS Business Banking Manager in Wick

### June 2016

- Attended BG Start-up Workshops in Thurso
- Attended Digital Workshops in Thurso

## Next quarter visibility

- Meeting HIE in Thurso (Claire Farquhar)
- Meetings with Robin Jackson – potential HOIL loan clients
- Two workshops in August, Successful Marketing and Promotion and Effective Business Record Keeping

## 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.