

The Highland Council
Skye and Raasay Area Committee

3 October 2016

Agenda Item	6.
Report No	SR/18/16

Business Development: Skye and Raasay Update

Report by Director of Development and Infrastructure

Summary

This report updates Members on the performance of the Council's business development services in Skye and Raasay. It summarises the delivery of the Business Gateway over the first six months of 2016, and informs Members on progress with Council involvement in local business development activity in Skye and Raasay during the first half 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 Skye and Raasay 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 Skye and Raasay 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 five months, April to September 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 16 businesses assisted to start up so far this financial year in Skye and Raasay, and 109 potential start-ups attending start-up workshops

4.2 Growth Activity

Business Gateway in Skye and Raasay is working with three businesses with growth aspirations, assisting them with the development of a growth action plan.

4.3 ERDF/Local Growth Accelerator Programme

The procurement process for the delivery of the EU funded 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.

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 117 businesses in Skye and Raasay have accessed advice during this period. The vast have been from businesses in the creative and cultural sector, as well as in hospitality and food and drink.

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. Further information on how the programme is delivered in Skye and Raasay is contained in the accompanying appendix to this report.

4.6 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 HR recruitment advisors.

4.7 Tourism Development

4.7.1 The Council supports the activities undertaken by Destination Skye & Lochalsh to develop the destination with this support normally provided through an annual Service Level Agreement that specifies a number of activities to be undertaken which would typically include:

- Networking events and / or workshops for local tourism businesses (historically this has included helping prepare businesses so they can benefit from cruise visits to Portree)
- Promotion of events to businesses in Skye & Lochalsh
- Assisting with press trips by travel writers.
- Representing the interests of the local tourism industry by engaging with other regional and national groups.

4.7.2 However, Destination Skye & Lochalsh is being relaunched with a new board of directors following an industry event held in March 2016 (in which the Council was involved) and as yet the organisations plans have not been finalised. Once these are finalised it is expected that the Council will conclude an agreement similar to those in previous years.

4.7.3 The Highland Council is a member of Cruise Scotland and through its activities promotes Portree as a destination for Cruise ships This includes attendance at the Seatrade Europe exhibition in September 2016 with Cruise Scotland to continue promoting the area and to encourage further cruise visits.

4.7.4 Through the Council's work promoting the area to the film industry and helping them find suitable locations, businesses on Skye have also seen the benefits of additional trade such as overnight stays and catering, often outwith the main summer tourist season.

4.8 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 fuller description of the range of services available to businesses in Skye and Raasay is contained in the activity report attached as an appendix to this report.

4.9 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.

4.10 HR and Public Procurement Support

A limited service is currently being provided, while we conclude the procurement exercise, referred to at section 4.1 of this report. Further details are available in the report attached as an appendix to this report. It is important to note that businesses in Skye and Raasay 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 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 Skye and Raasay for the first half of 2016/17.

Designation: Director of Development and Infrastructure

Date: 19 September 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
Skye and Raasay

April – August 2016

Quarterly Review

The transfer of the Business Gateway Service to the direct management of the Council has now been completed. The local Business Gateway service across all Council areas continues, with clients able to access as normal, the wide range of services available to assist with business start-up and to encourage business growth. This review highlights the performance of the Business Gateway Service in Skye and Raasay.

Business Start up

Business Gateway has received 117 enquiries on a wide range of issues on Skye and Raasay, and has assisted sixteen businesses to start trading during the period.

One hundred and nine potential start-ups have attended start-up workshops.

Business Growth

Three businesses with growth potential were supported with the development of a growth action plan. Growth action plans are put in place to assist businesses with a range of ambitions including increasing their turnover, employing new staff for the first time and developing new target markets for their products and services. One business on Skye has been accepted into account management with HIE. It is expected that the Council's additional growth services, the Local Growth Accelerator Programme (LGAP), will shortly be available to clients following the conclusion of the ERDF procurement process. Once these additional growth services are in place it is anticipated that there will be a rise in the numbers of growth action plans being developed.

Specialist advice

While the wide range of Specialist Advice services (using external experts to provide support to clients) remains on hold pending the ERDF funding, the Business Gateway team will 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. In addition, the team will work closely with Enterprise Europe Network, along with HIE's exporting advisory service and the HIE Innovations Team.

During the period, 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 to be provided in-house where the knowledge and skills exist amongst the BG team.

The Business Gateway service has a partnership arrangement with HIE's digital team to deliver Digital Boost, a range of workshops aimed at encouraging businesses to engage with digital technologies to sell their products and services, and to promote their businesses.

Marketing/PR

Highland/Local activity

During the period to mid-September Business Gateway has had good visibility at a local and at a Highland wide level. It covered a broad mix of media and used a number of platforms to deliver visibility for the Business Gateway service:

- Case study on a Business Gateway client, Café Sia coincided with the launch of the Press and Journal's Business Magazine 'Leader'.
- 'Business Blether' on Cuillin FM starts a 12 week run from early October with our local Business Gateway's Alastair Danter.
- There have been twelve Q&A features in this period 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 Highland Business Gateway Facebook page and it is anticipated that the team will continue to build useful engagement and numbers within the social media platform. The local approach adopted 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 to date including a number of start-up ads in the local press but also with a focus on growing businesses in the West Highland Free Press.
- 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 adverts on digital screens at various locations at Inverness Airport.

Access to Finance/Specialist Advice

The Council's Access to Finance Service is aimed at assisting businesses with the identification of sources of finance. The Service's Investment Manager provides specialist advice in this area, working with businesses to identify funding opportunities. This may include the Council's own programmes, The Highland Opportunity Fund and the Community Enterprise Loan Fund, but also comprises identifying alternatives such as crowd funding, or business angel support where appropriate. In addition to this, specialist support was provided for specific issues relating to client's growth plans, particularly around the areas of winning public contracts, accessing business finance and employing staff. One business has been assisted with Loan finance in the period up to September on Skye and Raasay, with a number of other businesses from the area seeking advice on a range of financial matters relating to sources of funds.

BG Recruitment/HR Support

Both of these services are promoted widely across the Highlands and are available to businesses in Skye and Raasay. Currently four businesses in Skye and Raasay have accessed support during this period from either the HR or the BG Recruitment advice services.

The Graduate Placement Programme (GPP) application process has been modified to ensure greater take up, and will be delivered by the Business Gateway Advisers as part of their work assisting their growth clients. Currently one business on Skye and Raasay has successfully applied for assistance from this programme. Once the LGAP is live this will complement the proposed growth services and work will continue to promote these services through partner agencies including Skills Development Scotland, Jobcentre Plus and HIE.

The Scottish Employer Recruitment Incentive (SERI) is a Scottish Government backed initiative delivered by the Council on behalf of Skills Development Scotland. It aims to provide a financial incentive for businesses to employ additional staff. The scheme targets young people with additional challenges preventing them from entering the labour market. It reopened for applications at the start of April, with all 11 spaces for the Highland Council area fully committed by mid-May. The SERI scheme will be reviewed in September/October and the Council has requested more places should there be a next round.

The Council's Employment Grant is available to micro businesses and is aimed at encouraging them to consider employing staff with significant barriers to employment including disability, homeless, low skills, no work experience etc. Currently two businesses on Skye and Raasay have had applications approved for this scheme.

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