

The Highland Council
Badenoch and Strathspey Area Committee
16 November 2016

Agenda Item	7
Report No	BSAC/ 23/16

Business Development: Badenoch and Strathspey Update

Report by Director of Development and Infrastructure

Summary

This report updates Members on the performance of the Council's business development services in Badenoch and Strathspey. It summarises the delivery of the Business Gateway for seven months of 2016, and informs Members on progress with Council involvement in local business development activity in Badenoch and Strathspey 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 Badenoch and Strathspey is detailed in **Appendix 1** of this report. These include responsibility for the delivery of the Business Gateway service 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 provides Members of the Badenoch and Strathspey 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.

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 seven months, April to October 2016, some of the main points are summarised below.

4. Business Gateway Activity

4.1 Start-up Activity

Over the preceding seven months we have seen ten businesses assisted to start up in Badenoch and Strathspey.

4.2 Growth Activity

Business Gateway in Badenoch and Strathspey is working with four 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 nearing completion and it is intended that the additional growth services will be pulled down 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 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 87 businesses in Badenoch and Strathspey have accessed advice during this period. The vast majority of these have been from businesses in the hospitality and tourism, and food and drink sectors, but recent enquiries have come from businesses involved in construction, advertising and the supply of agricultural feedstuffs.

5. Graduate Placement Programme

5.1 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 Badenoch and Strathspey is contained in the accompanying appendix to this report.

6. Employment Grants Scheme

- 6.1 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.

7. Access to Finance

- 7.1 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 Badenoch and Strathspey is contained in the activity report attached as an appendix to this report.

8. Enterprise Europe Network (EEN)

- 8.1 The Enterprise Europe Network provides Highland businesses with a range of support aimed at encouraging them to consider internationalisation through the provision of a specialist advisory service. 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 has concluded an agreement with Scottish Enterprise guaranteeing the funding of the service in the Highlands until the end of 2018.

9. HR and Public Procurement Support

- 9.1 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 Badenoch and Strathspey continue to receive assistance with HR issues as well as public procurement support.

10. Implications

- 10.1 **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.
- 10.2 **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.

10.3 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 Badenoch and Strathspey for the period April to October 2016/17.

Designation: Director of Development and Infrastructure

Date: 1 November 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
Badenoch and Strathspey

April – October 2016

Quarterly Review

The local Business Gateway service across all Council areas enables clients to access the wide range of services available to assist with business start-up and to encourage business growth. This review notes the performance of the Business Gateway Service in Badenoch and Strathspey. It should be noted that the service has had staff illness for around ten weeks covering the performance period.

Business Start up

The Business Gateway advisor for Badenoch and Strathspey has received a total of 87 enquiries on a wide range of issues. Food and Drink, Hospitality and Tourism are the predominant sectors but in recent months have also included an Animal feed business, Advertising company, Designer and House Builder. Ten businesses have been assisted to start trading, four in the last month.

There have been a number of workshops over the last three months including two Start-Ups, Successful Marketing and Promotion, effective Business Record Keeping and Understanding Your Tax Obligations. These workshops can all be accessed by our Badenoch and Strathspey clients. In addition, businesses from Badenoch and Strathspey to a lesser extent attend a variety of workshops in Elgin.

Business Growth

Four 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. 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 an increase 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 Business Gateway 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

Business Gateway continues to have significant visibility at a local and at a Highland wide level. It has covered a broad mix of media and used a number of platforms to deliver visibility for the Business Gateway service:

- There have been fourteen Q&A features in the first half of the year 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 in the Scottish Provisional Press Group newspapers supplement Business Matters. This is the Group's business supplement edition and a Business Gateway advisor provides a step by step business guide.

- Social media – Business Gateway services continues to be visible through the local Facebook page and it is anticipated that we will continue to build useful engagement and numbers within the social media platform. The BG service on twitter signposts workshops, events and partnership working.
- Local press ads – There has been ten to date including a number of start-up ads in the local press but also with a focus on growing businesses in the Scottish Provisional Press publications and The Press and Journal. In the last number of weeks the Badenoch and Strathspey Herald has recently had an advert for growing your business.
- National press advertising has included a mix of start-up and growing business campaigns in the Herald, Scotsman and the Daily Record.
- Local radio advertising has focused on start-ups throughout September and October.
- The annual advertising contract for BG National with Inverness Airport continues with adverts on digital screens at various locations throughout Inverness Airport.
- Business Gateway sponsored the Outstanding Performing Small Business Award at the Highland Business Awards in September as part of the Highland Business Week. There was advertising in the programme. Seven clients were also on the BG table at the event.
- There will be a number of Business Gateway Highland LEDs for live TV football games this season
- Business Gateway National start up campaign started on Monday 12th of September. The campaign ran until mid-October. There is TV (STV), Digital Display, Social Media, Radio, Press and PR.
<https://www.youtube.com/watch?v=Mh1qp5cJxas>
- A Digital Boost TV commercial has also been running throughout September and October
- A number of street liner bus advertising started in October and will run until March 2017.

Access to Finance/Specialist Support

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 Loan Fund and the Community Enterprise Loan Fund, but also comprises identifying alternatives such as crowd funding, or business angel support where appropriate. During the period to October 2016, specialist support was provided in-house for these specific issues. There have been Business Gateway joint client business meetings held in conjunction with the Access To Finance Adviser/Investment Manager. One of the current businesses will create around eight new jobs, and was supported with a £50,000 loan from Highland Opportunity (Investments) Ltd. Three businesses have been assisted with Loan finance, with a number of other businesses from the area seeking advice on a range of financial matters relating to sources of funds. We have also been working with a tourism operator in the Badenoch and Strathspey area to help them apply for Cairngorms LEADER with the potential for grant aid that will then enable a gap to be serviced.

BG Recruitment/HR Support

Both of these services are promoted widely across the Highlands and are available to businesses in Badenoch and Strathspey. Currently five businesses in the Badenoch and Strathspey area have accessed support up to October with either the HR or the BG Recruitment advice services. In October two new jobs have been created.

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. In October one business in Badenoch and Strathspey has successfully applied for assistance from this programme, this application should be approved by mid-November. 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.

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 four businesses in Badenoch and Strathspey have had applications approved for this scheme. Over the next few months there will be an advertising campaign initially on local radio to encourage employers to apply.

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