

**THE HIGHLAND COUNCIL**

**PLANNING, ENVIRONMENT AND DEVELOPMENT COMMITTEE**

**12 August 2009**

Agenda Item	
Report No	

**BUSINESS GATEWAY**

**Report by Director of Planning and Development**

**SUMMARY**

This report updates Members on performance of the Business Gateway contract with Highland Opportunity Ltd. and seeks Members consideration of the establishment of a grant scheme to encourage and assist new business starts.

The delivery of the Business Gateway contract and introduction of this complementary grant scheme is directly supportive of the Council's Single Outcome Agreement commitment to create "A competitive, sustainable and adaptable Highland economy".

**1. Update**

- 1.1 This report provides information on the Business Gateway service and associated supportive services delivered, on behalf of the Council, by the Council's enterprise trust, Highland Opportunity Ltd. for the 1<sup>st</sup> quarter of 2009/10 (April to end June 2009).
- 1.2 Appendix 1 provides a breakdown of the services delivered across Highland. Given that these statistics are for the first quarter of the service and at the time of writing this report full access to the national Business Gateway CRM system is not in place, a number of the detailed statistics required are not available at this time but will be provided in future quarterly progress reports.
- 1.3 Overall it is considered that the Business Gateway service has had a successful operational start in both the Highland and the Moray Council areas with anecdotal comment suggesting that the delivery approach adopted is welcomed by business. The headline figure is that the service handled 580 enquiries from new and existing businesses across the Highland (342 enquiries) and Moray Council (238 enquiries) areas up until the end of June. Approximately 60% of the enquiries are from new businesses (with one third of these closer to/ready to start in business) and 40% from existing businesses. At the end of the second quarter 2009/10 and progressively thereafter as more information is collected and becomes available, it will be possible to break these enquiries down into actual new starts, existing businesses, youth, women, social enterprise etc. and hence enable a more informed performance management process to take place. In particular, the measurement of actual new business starts across Highland will become a key performance indicator.
- 1.3 Key comments to describe the service delivered during the quarter are:
  - The Business Gateway (BG) Service opened on 1 April 2009 with full

deployment of staff to all areas of Highland and Moray by the end of April.

- The launch was low key with no associated marketing to accommodate the need to ramp up support from the national Business Gateway Contact Centre.
- Training workshops are not meeting the expected attendance at this stage, but marketing and awareness will increase in the second/third quarter.
- The more rural locations have seen a lower uptake of training - again a symptom of marketing.
- PSYBT has been fairly quiet in the quarter, but a transfer of responsibility to BG has taken place.
- Highland Opportunity loan activity has been higher than expected; a reflection of HOL's attempts to ensure that credit is available to robust businesses.
- Job support has exceeded targets, a reflection of HOL's efforts to counter recessionary pressures.
- The provision of serviced business space is on target or above.

1.4 Full access to the CRM system is anticipated shortly and efforts are underway to prepare local marketing materials and activity to tie in with the forthcoming national Business Gateway marketing campaign in September. Currently, in response to the needs of business, HOL is working with its Workshop provider to review the frequency of its courses and to develop short courses in E-Commerce and Retail. Such flexibility and evolution of service provision in response to business needs is central to the contract the Council has with HOL.

## **2. Business Development Grant Scheme**

2.1 Not surprisingly given the current economic recession and difficulties in securing loan finance from commercial sources, demand from the business community for development or start up finance is high. Over the past number of years however, the availability of business start-up and small development grants has virtually disappeared as HIE has re-focused its resources in line with Scottish Government strategy.

2.2 The provision of a small business development grant is seen by many people as a key component of the support the public sector can offer business when assisting it to start-up, develop or diversify. It is typically sought after by businesses that access the Business Gateway service.

2.3 In response to this situation, HOL has been able to introduce a grant component to its Highland Business Growth Fund but, as per ERDF match funding requirements, it must be part of a loan and grant package for business start ups with the scheme only lasts for 18 months or 2 years maximum as a counter-recessionary measure. Also, eligible businesses must show growth potential, which largely excludes the self employed start up. Retail is excluded, which disadvantages the more fragile areas where retail sales are often part of the tourism and culture experience. Recognising that this grant only in part fills a funding gap, effort has been directed to find a way to establish a grant scheme which supports all new start sectors.

2.4 Accordingly it is proposed that HOL with grant assistance from the Council and the Highland and Cairngorm National Park LEADER Programmes, introduce a grant

scheme for new business start ups. While detailed grant eligibility and conditions need to be agreed, it is anticipated that it will be a small discretionary grant scheme (average grant £2,500) to assist businesses with a viable business plan, with capital purchases, marketing etc. – not a wage subsidy. Businesses will need to invest 25% of their own funds and have secured advice and support from Business Gateway (start up course and/or one to one advice). The grant scheme will be a pilot one for 18 months until end March 2011 thereby allowing the Council/HOL to review demand and effectiveness and resource availability before determining whether the grant scheme should continue or not. An external independent evaluation will be commissioned to assist in this process.

- 2.5 It is proposed that the following funding package be prepared for the pilot 18 month project. The LEADER Programme offers possible match funding but only outwith the Inverness area. Hence, based on a total public sector resource of £251,250, with an average grant of £2500, some 100 businesses would receive support through the scheme.

<b>Business Start up Grant</b>	
<b>Funding Source</b>	<b>£</b>
The Highland Council	150,000
Highland and Cairngorm National Park LEADER Programmes (45% match outwith Inverness)	101,250
Private contribution (at 25%)	62,812
<b>TOTAL</b>	<b>314,062</b>

- 2.6 Appendix 2 details for Members information the range of support businesses can access via Business Gateway/HOL.

### **3. Resource Implications**

- 3.1 The £150,000 Council funding will be provided during financial years 2009/10 and 2010/11 from the transfer funding secured from HIE for the Business Gateway service but not utilised in the current Business Gateway contract with HOL.

## **4. RECOMMENDATION**

6.1 The Committee is recommended to:

- (i) Note the successful commencement of the Business Gateway service.
- (ii) Approve a contribution of £150,000 towards the establishment of a Business Start up grant scheme to be administered by Highland Opportunity Ltd. as part of its Business Gateway contract.
- (iii) Authorise the Director of Planning and Development, after consultation with the Chair of Planning, Environment and Development, to agree with Highland Opportunity Ltd. the details of the grant scheme.

Signature:

Designation: Director of Planning and Development

Date: 31 July 2009

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<b>Appendix 1:</b>												
<b>Business Gateway Contract 2009/10</b>												
<b>Performance Report: 1 April 2009 to 30 June 2009</b>												
<b>Outputs and Results</b>										<b>Highland Target</b>	<b>Highland Actual</b>	
<b>Highland Area</b>			Caithness	Sutherland	Ross and Cromarty	Skye and Lochalsh	Inverness and Nairn	Badenoch and Strathspey	Lochaber			
<b>Business Advice and Training</b>												
Overall Referrals			55	21	59	27	127	15	38		360	342
Start up			Awaiting CRM Access									
Existing			Awaiting CRM Access									
Business Growth			Awaiting CRM Access									
Business Pipeline			Awaiting CRM Access									
Account Management			Awaiting CRM Access									
Young people %			Awaiting CRM Access									
Women %			Awaiting CRM Access									
Social Enterprise %			Awaiting CRM Access									
Start up workshops			4	0	4	4	16	0	4		45	32
Existing business workshops			0	0	0	0	0	0	0		15	0
<b>Highland Area</b>			Caithness	Sutherland	Ross and Cromarty	Skye and Lochalsh	Inverness	Nairn	Badenoch and Strathspey	Lochaber		
<b>Princes Scottish Youth Business Trust (PSYBT) loans</b>												
Number of businesses			0	0	0	1	0	0	0	0	5	1
Highland Opportunity Ltd. match funding x £1000			0	0	0	3.25	0	0	0	0	10	3.25
<b>Highland Opportunity Ltd. loans</b>												
Number of businesses			1	1	5	1	3	0	0	2	12	13
Opportunity Fund x £1000			22	5	34	4	20	0	0	7	75	92
Highland Business Growth Fund x £1000			28	0	71	0	111	0	0	35	175	245
Community Enterprise Loan Fund x £1000			0	0	0	0	0	0	0	0	50	0
<b>Jobs created and retained</b>												
HOL investment and PSYBT			40	1	25	1	30	0	0	43	40	142
Employment Grants Scheme			8	4.5	5.5	7	9	2	0	4	25	40
<b>Serviced business space</b>												
Alness Enterprise Centre					100						80	100
Inverness HQ							90				90	90
West End Business Suite							100				75	100
Wick Enterprise Centre			75								75	75
Ness Horizons Centre							90				80	90

## **Appendix 2:**

### **Business Gateway/Highland Opportunity Ltd.**

#### **Business Start Up and Growth Support**

##### **Core Support**

###### **1. Business Start Up Workshop – 2 day workshop**

All aspects of business start up, providing opportunity to scope out business idea, learn realities of running your own business, understand financial planning, sales and marketing and network with others in the same “boat”.

###### **2. Tool kit of online support and research**

Access to the latest research such as MINTEL and Euromonitor, learning tools and information for entrepreneurial activity, including webcasts

###### **3. Local business advisor/mentor.**

For one to one advise, coaching, support and signposting as and when needed.

###### **4. Specialist advise by sector or by discipline.**

Marketing, PR, Manufacturing and Renewables, Food Production, Tourism, Rural Heritage, Social Enterprise.

###### **5. Skills Development Workshops**

Refresher and skills development workshops on different aspects of business activity and growth.

##### **Support in Response to Local Economic Development Opportunities and Challenges**

###### **1. Events, Master Classes and Business Clinics**

Access to networking, Collaboration, Business Opportunities and Coaching.

###### **2. Employment Grants**

Support for recruitment of permanent full and part time staff.

###### **3. Start Up and Business Growth Packages**

Highland Growth Fund, Highland Opportunity, Community Enterprise.