

The Highland Council

Nairnshire Committee
7 December 2016

Agenda Item	6
Report No	N/26/16

Business Development: Nairnshire Update

Report by Director of Development and Infrastructure

Summary

This report updates Members on the performance of the Council's business development services in Nairnshire. It summarises the delivery of the Business Gateway over the period from April to October 2016, and informs Members on progress with Council involvement in local business development activity in Nairnshire during that time.

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 Nairnshire 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 Fund, and the emerging Local Authority Loan Fund (Business Loans Scotland).
- 1.2 This report will provide Members of the Nairnshire 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 period from April to November 2016, some of the main points are summarised below.

4. Business Gateway Activity April – October 2016

4.1 Start-up Activity:

To date we have seen six businesses assisted to start up this financial year in Nairnshire.

4.2 Growth Activity:

Business Gateway in Nairnshire is working with three businesses with growth aspirations, assisting 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 available in the Highlands by the last quarter of the financial year. Limited operations such as the Graduate Placement Programme and the delivery of HR Advice have continued since April 2015

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 47 businesses in Nairnshire have accessed advice during this period.

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 Nairnshire 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 recruitment advisers.

4.7 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 Nairnshire is contained in the activity report attached as an appendix to this report.

4.8 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 more detailed description 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.

4.9 HR and Public Procurement Support:

A limited service is currently being provided, while we conclude the procurement exercise, referred to at section 4 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 Nairnshire 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 asked to note Business Development Service performance in Nairnshire for the period from April to October 2016.

Designation: Director of Development and Infrastructure

Date: 25 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
Nairnshire

April – October 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 quarterly review highlights the performance of the Business Gateway Service in Nairnshire.

Business Start up

Business Gateway has received 47 enquiries on a wide range of issues in Nairnshire, and has assisted six businesses to start trading during the period, four in the Creative Industries, one Food and Drink and one professional services related business.

Twenty three potential start-ups in Nairnshire have attended start-up workshops

Business Growth

Three businesses with growth potential have been supported during the period to October 2016 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 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 of the report, specialist support has been 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

At the half year stage Business Gateway has had good visibility 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:

- There have been twelve Q&A features as part of the publications editorial in the Scottish Provisional Press group newspapers in Highland and Moray. These features are an in depth conversation with business owners that have been helped by Business Gateway. They answer questions on the pros and cons of running a business. There are currently another five in the pipeline.
- 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 significant activity at the half year stage including a number of start-up ads in the local press but also a focus on growing businesses. There has been full page advertising in the Executive and the new P&J backed business publication The Leader.
- 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.
- There are currently sixteen Business Gateway street liner ads on local Stagecoach buses covering the area. This will run until March 2017.
- There is football advertising LEDs Ross County for all live TV games and Inverness Caledonian Thistle have a permanent pitch side board signposting Highland and Moray Business Gateway service.
- Business Gateway sponsored the Outstanding Performing Small Business Award at the Highland Business Awards in September as part of the Highland Business Week. The programme included Business Gateway advertising. Business Gateway had a table at the event and BG clients were on our table for the lunch and awards.
- Business Gateway National start up campaign started on Monday 12th of September. The campaign runs until mid-October. There is TV (STV), Digital Display, Social Media, Radio, Press and PR. Link to the TV commercial <https://www.youtube.com/watch?v=Mh1gp5cJxas>
- Business Gateway has sponsored the UHI Create awards 'Best Commercial' idea to be presented on 24th November.

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. Currently the Investment Manager is working with two businesses based in Nairnshire, assisting them with their development plans and with the identification of funding. 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.

BG Recruitment/HR Support

Both of these services are promoted widely across the Highlands and are available to businesses in Nairnshire. Currently no businesses in Nairnshire have accessed support this quarter 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. Once the LGAP is live this will complement these 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, including one based in Nairnshire, 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 no businesses in Nairnshire accessed this grant in the quarter.

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