

The Highland Council

Ross and Cromarty Committee - 25 October 2016

Agenda Item	5
Report No	RC/033/16

Business Development: Ross and Cromarty Update

Report by Director of Development and Infrastructure

Summary

This report updates Members on the performance of the Council's business development services in Ross and Cromarty. It summarises the delivery of the Business Gateway over the first two quarters of 2016 and informs Members on progress with Council involvement in local business development activity in Ross and Cromarty during the first six months 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 Ross and Cromarty 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 Ross and Cromarty 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 2 quarters, April to September 2016, some of the main points are summarised below.

4. Business Gateway Quarters One and Two Activity **Start-up Activity**

The end of the second quarter has seen fourteen businesses assisted to start up so far this financial year in Ross and Cromarty.

Growth Activity

Business Gateway in Ross and Cromarty is working with a number of businesses with growth aspirations and currently we are assisting three businesses with the development of growth action plans. Across the Highlands there has been an upturn in the numbers of businesses being accepted into growth pipeline, and account management with HIE. One business in Ross and Cromarty has been accepted into account management during 2016.

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 Ross and Cromarty.

Advice to Existing Businesses, serving local markets

Business Gateway continues to offer assistance to businesses in general across the Highlands. A total of 171 businesses in Ross and Cromarty have accessed advice during this period.

4.1 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 Ross and Cromarty is contained in the accompanying appendix to this report.

4.2 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 advisors.

4.3 Tourism Development

As well as providing support to individual tourism businesses through Business Gateway, the Council also provides sector specific support to the tourism sector through the work of the Tourism and Film section. This support primarily takes the form of both advice and financial support to business groups who undertake activity to improve the tourism offering in their area. In 2016/17 Visit Wester Ross has received such support and further support has been provided to assist in the setting up of a new destination group – the Black Isle Tourism Team and a new Highland-wide group for the golf tourism sector – Golf Highland.

The form of support provided to each Destination Organisation is defined in a Service Level Agreement but the exact content of these varies depending on the scale of the group, its aspirations and local priorities. However some common elements are contained in all agreements such as assisting tourism businesses in accessing individual business development opportunities including the sharing of best practice as well as activity to keep businesses up to date on tourism developments and market intelligence. This is often delivered through local networking events and / or a local tourism conference organised by the Destination Organisation as has happened with both the groups in Ross and Cromarty but digital methods such as e-newsletters and social media are increasingly used as well. In the case of Visit Wester Ross further activity as identified in the Wester Ross Tourism Development Strategy, launched in March 2016 is being supported notably:-

- Developing the North Coast 500 and local (themed) trails off it
- Developing a suite of local walks leaflets
- Developing a wildlife calendar
- Identifying marine tourism opportunities

Funding of £7,500 is provided to assist Visit Wester Ross in delivering these activities.

The Highland Council and two commercially operated ports in Ross and Cromarty – Invergordon and Ullapool are all members of Cruise Scotland and through its activities promote the area as a destination for cruise ships including through attendance at cruise exhibitions. The Council also provides a civic welcome to any ship making its maiden visit to Invergordon.

4.4 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 Ross and Cromarty is contained in the activity report attached as an appendix to this report.

4.5 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, preparing them to continue to trade successfully once the UK formally leaves the European Union.

4.6 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 Ross and Cromarty 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:

(i) Note Business Development Service performance in Ross and Cromarty for the period April to September 2016/17.

Designation: Director of Development and Infrastructure

Date: 10 October 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
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Quarterly Activity Report
Ross and Cromarty

April – September 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 Ross and Cromarty.

Business Start up

Business Gateway has received a total of 171 enquiries on a wide range of issues in Ross and Cromarty, the highest percentage of enquiries has come from the Dingwall, Aness, Invergordon and Tain areas. Personal Services, Food and Drink, Hospitality and Tourism are the predominant sectors. Fourteen have been assisted in the first half of the year to start trading.

One start up workshop was held in Tain with nine attendees. In addition, businesses from Ross and Cromarty regularly attend a variety of workshops in Inverness.

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 in Ross and Cromarty 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 first half of the year Business Gateway has had 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 adviser provides a step by step business guide.

- Social media – Business Gateway services continues to be visible through the local Ross and Cromarty 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. More recently we had very short notice on new Digital workshops being launched and through our Facebook database filled all of the spaces.
- Local press ads – There has been eight activity 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. The Ross-shire Journal has a booking scheduled for October.
- 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.
- 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.
- 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 an ad in the programme. Seven clients were also on the BG table at the event.
- There will be Business Gateway advertising on the LEDs for the live TV games at Ross County.
- 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.
<https://www.youtube.com/watch?v=Mh1gp5cJxas>

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 Loan 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. Three businesses have been assisted with Loan finance in the period up to September, 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 Ross and Cromarty. Currently two businesses in Ross and Cromarty have accessed support during the first half of the year 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 Ross and Cromarty has successfully applied for assistance from this programme. There are another two currently being processed. 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 three businesses in Ross and Cromarty 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