



**BUSINESS GATEWAY SERVICES: COVID-19 AND PERFORMANCE UPDATE 2020-21**

Report by Head of Economic Development and Planning

**PURPOSE**

- 1.1 The purpose of the Report is to update the Comhairle on its support for businesses impacted by the Covid-19 pandemic and on the performance of Business Gateway services in 2020-21.

**EXECUTIVE SUMMARY**

- 2.1 The Business Gateway service, which has been operational for 12 years, is delivered nationally by Local Authorities on behalf of the Scottish Government. The Outer Hebrides, Business Gateway (OHBG) also delivers a range of Comhairle-funded financial support schemes - further details of which are contained in the body of this Report.
- 2.2 A comprehensive overview of OHBG activity in the 2020-21 financial year is detailed in this Report. The past year for OHBG was positive in terms of numbers of business start-up, jobs created, young people supported and its performance against nationally set targets is encouraging.
- 2.3 2020/21 was an exceptionally challenging year globally because of COVID-19. Across the United Kingdom ongoing uncertainties around BREXIT has added to the challenge – all of which impacted on business confidence to some degree, resulting in the business community holding back on investment and growth plans.
- 2.4 Members will be aware of the significant economic impact of the COVID-19 pandemic. As a result, all Scottish Local Authorities were required to deliver a range of business hardship support schemes, details of which are outlined in this Report.
- 2.5 The economic challenges anticipated during and post-COVID19 will have far reaching consequences for local, national, and international economies over many years. The Comhairle's Economic Development service and Business Gateway team will have a critical role to play in assisting the local economy to recover and in supporting the business community to survive, grow and prosper – both in the foreseeable future and beyond.

**RECOMMENDATIONS**

- 3.1 It is recommended that the Comhairle:
  - (a) notes the range of financial support packages delivered successfully by the Comhairle during the Covid-19 pandemic including the Comhairle's COVID-19 Local Business Support Scheme;
  - (b) notes the performance of Outer Hebrides Business Gateway in 2020-21; and
  - (c) agrees to utilise the £151,032 balance of the COVID-19 Local Business Support Scheme (CLBSS) to develop a 'local business recovery scheme' outlined in paragraph 6.35 of the Report.

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Appendix: None

Background Papers: Reports to Sustainable Development Committee 27 January 2021 and Special Comhairle 24 June 2021

## IMPLICATIONS

4.1 The following implications are applicable in terms of the Report.

<b>Resource Implications</b>	<b>Implications/None</b>
Financial	The Comhairle has allocated £300,000 to deliver its 'COVID-19 Local Business Support Scheme' (C-LBSS). Scottish Government is also providing additional funding to support Local Authorities with additional administration costs associated with delivering its COVID-19 assistance.
Legal	None
Staffing	Delivery of new Scottish Government Covid-19 emergency business support schemes resulted in some members of Business Gateway staff being required to work significant additional overtime hours.
Assets and Property	None
<b>Strategic Implications</b>	<b>Implications/None</b>
Risk	The principal risk is ensuring that all funding schemes have been delivered per Scottish Government and Comhairle eligibility criteria.
Equalities	None
Corporate Strategy	Economy and Jobs - to work with partners, Scottish and UK Government to strengthen our local economy and our communities. The current activity is a key element of the Comhairle's Economic Recovery Strategy, as agreed by Comhairle nan Eilean Siar in August 2020
Environmental Impact	None
Consultation	None

## BACKGROUND

- 5.1 The Outer Hebrides Business Gateway (OHBG) service commenced in April 2009, following the then Cabinet Secretary's Review of the Enterprise Networks during 2007-08. OHBG provides support to businesses contributing to local economic growth through newly created and safeguarded jobs.
- 5.2 The core Business Gateway (BG) mission is to contribute to the delivery of Scotland's Economic Strategy - and it is the Scottish Government's branded provider of support services to small businesses across Scotland, regardless of location. BG's goal is to increase the number and quality of new-start businesses across Scotland and to support existing businesses with growth potential. Core business support services delivered via the Business Gateway include:
- (a) National Business Gateway Website: – [www.bgateway.com](http://www.bgateway.com)
  - (b) BG Enquiry Service: over-the-telephone business advice/ access to information;
  - (c) One-to-one signposting service: advice and practical support provided by business support advisers based in local offices;
  - (d) Business Skills Workshops/ Webinars: a range of practical relevant topics for local business; and
  - (e) 'DigitalBoost': digital workshops/ webinars and intensive one-to-one business support.
- 5.3 OHBG also delivers a range of Comhairle-funded business support initiatives – details of which are outlined in this Report. It is important to note that the national BG offering does not include direct financial assistance to businesses, focussing instead on provision of advice and support including: signposting; sectoral information; and workshops/ webinars targeted at new and growing enterprises.

- 5.4 Members are, of course, aware of the significant economic impact of the COVID-19 pandemic in 2020-21. Shortly after a national 'lockdown' was imposed on 23 March 2020, all Local Authorities were required by Scottish Government to deliver the following financial support packages, principally through their Business Gateway service teams: (a) 'Small Business Support Grant'; (b) 'Retail, Hospitality, Leisure Support Grant'; (c) 'Newly Self-employed Hardship Fund'; (d) 'Bed & Breakfast Hardship Fund'; (e) 'Contingency Fund (Soft-play)'; (f) 'Business Hardship Fund'; (g) 'Contingency Fund Plus (Brewers & Travel Agents)'; (h) 'Taxi & Private Hire Vehicle Fund'; (i) 'Small Accommodation Provider (Paying Council Tax) Fund'; (j) 'Large Self-Catering & Exclusive Use Fund'; (k) 'Local Business Discretionary Fund'; (l) 'Strategic Framework Business Fund (incorporating the 'Island Equivalent Payment')'; and (m) Transition Payment & Restart Grant'. In addition, the Comhairle also created its own fund to provide additional financial support to the local business community: (n) 'COVID-19 Local Business Support Scheme' (C-LBSS). A comprehensive summary follows, detailing how each of the schemes were distributed across the Outer Hebrides over the year between April 2020 and April 2021.

## **SCOTTISH GOVERNMENT COVID-19 EMERGENCY FINANCIAL SUPPORT TO BUSINESSES PROGRAMME**

### **(a) Small Business Support Grant - CLOSED**

- 6.1 The 'Small Business Support Grant' was administered by the Comhairle's Non-domestic Rates (NDR) team. It was targeted at businesses receiving the 'Small Business Bonus Scheme' or other NDR support/relief. Grants were available of up to £10,000.

### **(b) Retail, Hospitality, Leisure Support Grant - CLOSED**

- 6.2 Also administered by the NDR team, this scheme and was targeted at retail, hospitality, and leisure businesses, if their rateable value was between £18,001 and £51,000. Grants of up to £25,000 were available. Support provided by (a) and (b) above has been amalgamated into the following table:

<b>Area</b>	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	<b>Total</b>
<b>Applications Approved</b>	515	143	72	50	63	34	<b>877</b>
<b>Amount Approved (£)</b>	5,430,000	1,422,500	760,000	540,000	665,000	372,500	<b>9,190,000</b>

### **(c) Newly Self-employed Hardship Fund - CLOSED**

- 6.3 Administered by the Comhairle's Business Gateway team, this scheme was targeted at new self-employed individuals facing specific hardship. Applicants were required to complete a declaration confirming they had become self-employed on/ after 6 April 2019 (did not submit a tax return including income from self-employment for 2018-19) and that >50% of individual income was from self-employment. A grant of £2,000 was available:

<b>Area</b>	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	<b>Total</b>
<b>Applications Approved</b>	24	8	4	1	7	2	<b>46</b>
<b>Amount Approved (£)</b>	48,000	16,000	8,000	2,000	14,000	4,000	<b>92,000</b>

- 6.4 A total of 60 applications were received, with 14 being either declined or withdrawn subsequently.

### **(d) Bed and Breakfast Hardship Fund - CLOSED**

- 6.5 Administered by the Business Gateway team, this scheme was targeted at B&B and other small serviced-accommodation providers, who didn't have a business bank account and were not able to access support through other schemes. A one-off hardship relief payment of £3,000 was available.

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
Applications Approved	8	9	4	3	5	1	30
Amount Approved (£)	24,000	27,000	12,000	9,000	15,000	3,000	90,000

- 6.6 38 applications received in total. Six declined and two referred to Newly Self-employed Hardship Fund.

**(e) COVID-19 Contingency Fund – Soft Play – CLOSED**

- 6.7 The SG 'Contingency Fund Grant' was administered by Business Gateway, providing one-off grants of £10,000, £25,000, or £50,000 (dependent on rateable value) to businesses in two specific sectors closed by law since March 2020, nightclubs and 'soft-play' businesses. Two applications were received.

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
Applications Approved	1	1	0	0	0	0	2
Amount Approved (£)	10,000	10,000	0	0	0	0	20,000

**(f) Business Hardship Fund - CLOSED**

- 6.8 The SG 'Business Hardship Fund' was administered by Business Gateway and provided premises with a rateable value up to and including £51,000 with a grant of £1,440. Premises with a rateable value of over £51,000 received a grant of £2,155. The purpose of the grant was to provide hardship relief to:
- *Hospitality businesses and gyms unable to operate group classes who were required by the regulations to operate in a restricted way; and*
  - *Producers/wholesaler business supplying primarily perishable supplies to hospitality businesses required by the regulations to close or operate in a restricted way, and who could evidence a 25% reduction in turnover during the brake period:*

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
Approved Applications	20	6	4	3	6	2	41
Amount Approved (£)	30,945	8,640	5,760	5,035	8,640	2,880	61,900

- 6.9 A total of 70 applications were received with 29 declined as they did not meet the eligibility criteria.

**(g) COVID-19 Contingency Fund Plus – Brewers & Travel Agents – CLOSED**

- 6.10 The SG 'Contingency Fund Plus' was administered by Business Gateway. In recognition of challenges facing Brewers and Travel Agents, the following awards were made available which were dependent on rateable values. The lowest award was £10,000 for businesses with a rateable value of up to and including £18,000.

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	1	1	0	0	0	0	<b>2</b>
<b>Amount Approved (£)</b>	10,000	10,000	0	0	0	0	<b>20,000</b>

**(h) Taxi & Private Hire Vehicle Fund – CLOSED**

- 6.11 The SG ‘Taxi & Private Hire Driver Support Fund’ was administered by Business Gateway with support from the Comhairle Heritage Services (Visitor Assistants) team. 146 applicants in total were eligible for a grant of £1,500. They were contacted from a list compiled by the Comhairle’s Licencing section. Applicants were required to complete an application form and supporting information.

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	69	0	1	9	8	9	<b>96</b>
<b>Amount Approved (£)</b>	103,500	0	1,500	13,500	12,000	13,500	<b>144,000</b>

**(i) Small Accommodation Provider (Paying Council Tax) Fund – CLOSED**

- 6.12 The SG ‘Small Accommodation Providers (Paying Council Tax) Fund’ was administered by Business Gateway. Additional one-off payments were available to eligible small accommodation providers: B&Bs; Guest Houses; and self-catering premises not on Non-Domestic Rates but paying Council Tax. The First Wave was specifically for those businesses who had received financial support previously in 2020 through the B&B Hardship Fund. Covering January to March, a grant of £2,000 was payable every 4 weeks, up to £6,000.
- 6.13 The Second Wave was specifically for those businesses who received financial support previously through the Culture, Tourism, Hospitality Enterprise Hardship Fund in 2020. The same funding was available as outlined above.
- 6.14 The Third Wave was specifically for new entrants to the fund, e.g. eligible businesses that may have missed out on Waves 1 & 2 - and businesses which met the eligibility criteria though may not have sought support previously.

**WAVE-1**

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	8	8	4	3	4	1	<b>28</b>
<b>Amount Approved (£)</b>	48,000	48,000	24,000	18,000	24,000	6,000	<b>168,000</b>

**WAVE-2**

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	4	1	0	0	0	1	<b>6</b>
<b>Amount Approved (£)</b>	24,000	6,000	0	0	0	6,000	<b>36,000</b>

**WAVE-3**

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	13	7	3	1	3	3	<b>30</b>
<b>Amount Approved (£)</b>	78,000	42,000	18,000	6,000	18,000	18,000	<b>180,000</b>

- 6.15 In Wave-1, of the 30 potential applicants, two were ineligible. There were no ineligible applications in Wave-2. In Wave-3, seven of the 34 B&B applicants were ineligible and 13 of 16 self-catering applicants were ineligible. The reason for such a high instance of self-catering applicants being refused was that they could not evidence 140 nights' occupation in the previous trading year, a condition of eligibility.

**(J) Large Self-Catering and Exclusive Use Fund – CLOSED**

- 6.16 The Scottish Government Large Self-Catering and Exclusive Use Fund was administered by Finance (NDR Team). The Fund provided additional targeted support to the Self-Catering sector. This comprised a large Self-Catering Grant of £2,000 for businesses with a property that accommodates seven or more people and a grant of £10,000 for Exclusive Use Properties – businesses evaluated by the Scottish Assessors Association as an Exclusive Use Venue providing overnight accommodation and rated for Non-Domestic Rates. Although the scheme is closed, applications are still being processed.

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	19	10	6	1	4	2	<b>42</b>
<b>Amount Approved (£)</b>	38,000	20,000	12,000	2,000	8,000	4,000	<b>84,000</b>

**(k) Local Business Discretionary Fund (LBDF) – CLOSED (BUT DUE TO REOPEN BRIEFLY)**

- 6.17 This Scottish Government fund was managed by the Business Gateway team and delivered by the LEADER team. The purpose of the grant was to provide financial support to local businesses experiencing immediate financial challenges because of the COVID-19 restrictions/regulations but were unable to access the Strategic Framework Business Fund or other Scottish Government COVID-19 business grant schemes. The LBDF aimed to assist local businesses that were without COVID-19 financial support since October 2020. A one-off payment per business was available as follows: £4,000 for home-based business; or £6,000 for businesses that lease or own business premises.

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	71	7	1	3	3	6	<b>91</b>
<b>Amount Approved (£)</b>	340,000	30,000	4,000	16,000	14,000	30,000	<b>434,000</b>

- 6.18 A total of **122** applications were received with **28** declined or withdrawn.

**(l) Strategic Framework Business Fund including Islands Equivalent Payment – CLOSED**

- 6.19 The Strategic Framework Business Fund was delivered by Business Gateway and was established by the Scottish Government to provide financial support via grant funding to businesses impacted by protective measures. Specifically, the Fund provides:

- A *Temporary Closure Grant of £2,000 or £3,000 (depending on rateable value) for businesses required to close by law, payable every four weeks for the duration measures were in place;*
- A *Business Restrictions Grant of £1,400 or £2,100 (depending on rateable value) for businesses that remained open but were specifically required to modify their operations by protective measures, payable every four weeks for the duration measures were in place.*

- 6.20 The Scottish Government also confirmed that businesses in Level 3 areas could apply for a payment of £2,000 or £3,000 (dependent on rateable value) via the Temporary Closure Grant (Islands Equivalent Payment), which was equivalent to support available in Level 4 areas on the Scottish mainland. Businesses in the retail, hospitality and leisure sectors were also eligible for a one-off top up payment of: *£25,000 for larger hospitality businesses (RV of £51,001+); £6,000 for smaller hospitality businesses (RV £51,000 or less); £9,000 for larger retail and leisure businesses (RV £51,001+); £6,000 for smaller retail and leisure businesses (RV £51,000 or less).*

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	305	108	59	25	40	26	<b>563</b>
<b>Amount Approved (£)</b>	2,780,800	808,800	434,000	241,800	344,000	218,400	<b>4,827,800</b>

6.21 The breakdown of the 563 applications is as follows: Accommodation (345); Retail/ Close Contact (131); Hospitality (81); and Leisure (6). It is estimated the number of accommodation businesses operated by people living off-island is 100 (29%).

6.22 There were 74 ineligible applications and 14 potentially fraudulent applications. Well over 2,000 potentially fraudulent applications were received by local authorities across Scotland. It is thought that most potentially fraudulent applications emanated from outwith the area - people taking the identity of local businesses using available information from Companies House. As far as can be ascertained, no potentially fraudulent application received funding in the Comhairle's area. The relevant information was collated by all Local Authorities and forwarded to Police Scotland.

#### **(m) Transition Payment and Restart Grant – CLOSED**

6.23 These grants provided a final one-off and combined payment to businesses on 19 April 2021. They were only payable to businesses/ premises eligible for and in receipt of financial support through the Strategic Framework Business Fund (or COVID-19 Island Equivalent Payment) on 22 March 2021, per Table 1 (below). The grant were also payable to businesses in receipt of Small Accommodation Provider (Paying Council Tax) Fund, Waves 1, 2 and 3 – per Table 2 (below).

6.24 These grant awards were comprised of two separate elements, namely:

- **Strategic Framework Business Fund Transition Payment** – A pro-rata payment equivalent to two weeks of a Strategic Framework Business Fund Closure Grant (or an Island Equivalent payment) award determined by Rateable Value as follows: RV up to £51,000 were eligible for a £1,000 payment; RV of £51,001 or over were eligible for a payment of £1,500; and
- **COVID-19 Business Restart Grant** - a one-off payment specifically to support the costs of re-stocking and re-opening or other restart impacts. The level of award that businesses were eligible for was contingent on both the Rateable Value of their premises and the sector in which they operate.

6.25 Eligible businesses in the retail sector were eligible for a payment of £6,000. All other eligible businesses were eligible for a grant of £8,000 for properties with a RV below £15,000, £12,000 for properties with a RV between £15,000 to £51,000 and £18,000 for properties with a RV of £51,001 or above. Premises that received a grant award through any of the three waves of the **Small Accommodation Providers paying Council Tax Fund** were eligible for a grant of £1,000 SFBF Transition Payment and £8,000 Business Restart Grant.

6.27 Where a business operated multiple premises it was eligible for a grant for each one, consistent with eligibility for the Strategic framework Business Fund. These grants did not require an application; they were only payable to businesses in receipt of financial support through the Strategic Framework Business Fund, COVID-19 Island Equivalent Payment or Small Accommodation Providers paying Council Tax Fund - Waves 1, 2 or 3.

**Table 1 – SFBF Transition Payment and Restart Grant**

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	302	108	59	25	40	26	<b>560</b>
<b>Amount Approved (£)</b>	2,619,000	956,000	531,000	221,500	356,000	242,000	<b>4,925,500</b>

**Table 2 – SAP-CTF Transition Payment and Restart Grant**

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>Applications Approved</b>	25	16	7	4	7	5	<b>64</b>
<b>Amount Approved (£)</b>	252,000	144,000	63,000	36,000	63,000	45,000	<b>576,000</b>

6.28 The total funds approved per island area for all the schemes listed above are as follows:

Area	Lewis	Harris	N. Uist	Benbecula	S. Uist	Barra	Total
<b>(a &amp; b)</b>	5,430,000	1,422,500	760,000	540,000	665,000	372,500	<b>9,190,000</b>
<b>(c)</b>	48,000	16,000	8,000	2,000	14,000	4,000	<b>92,000</b>
<b>(d)</b>	24,000	27,000	12,000	9,000	15,000	3,000	<b>90,000</b>
<b>(e)</b>	10,000	10,000	0	0	0	0	<b>20,000</b>
<b>(f)</b>	30,945	8,640	5,760	5,035	8,640	2,880	<b>61,900</b>
<b>(g)</b>	10,000	10,000	0	0	0	0	<b>20,000</b>
<b>(h)</b>	103,500	0	1,500	13,500	12,000	13,500	<b>144,000</b>
<b>(j) W-1</b>	48,000	48,000	24,000	18,000	24,000	6,000	<b>168,000</b>
<b>(j) W-2</b>	24,000	6,000	0	0	0	6,000	<b>36,000</b>
<b>(j) W-3</b>	78,000	42,000	18,000	6,000	18,000	18,000	<b>180,000</b>
<b>(j)</b>	38,000	20,000	12,000	2,000	8,000	4,000	<b>84,000</b>
<b>(k)</b>	340,000	30,000	4,000	16,000	14,000	30,000	<b>434,000</b>
<b>(l)</b>	2,780,800	808,800	434,000	241,800	344,000	218,400	<b>4,827,800</b>
<b>(m) T-1</b>	2,619,000	956,000	531,000	221,500	356,000	242,000	<b>4,925,500</b>
<b>(m) T-2</b>	252,000	144,000	63,000	36,000	63,000	45,000	<b>576,000</b>
<b>TOTAL</b>	<b>11,836,245</b>	<b>3,548,940</b>	<b>1,873,260</b>	<b>1,110,835</b>	<b>1,541,640</b>	<b>965,280</b>	<b>20,849,200</b>

- 6.29 Comhairle nan Eilean Siar, along with the other Scottish Local Authorities, has helped administer significant sums of hardship funding to businesses across Scotland. The critical goal for the Scottish Government was to get emergency into local economies rapidly - therefore providing little scope for sophistication within schemes - with submission of supporting evidence via 'self-declaration' being commonly acceptable. For example, small part-time hospitality businesses received the same amounts of grant funding as larger, more commercial enterprises - thus creating 'winners' and 'losers' locally. These schemes were blunt, unsophisticated instruments which were of benefit to Local Authorities, as most would not have had the staff resource to deliver more sophisticated, evidenced-based schemes.
- 6.30 As a result of these schemes, the workload burden falling on the Outer Hebrides Business Gateway service over the past year has been acute and intense - with significant challenges in keeping up to date with a significant volume of constantly changing information. In addition, SG placed extremely tight deadlines on each scheme for launching, administering, and paying out grants.
- 6.31 Delivering this level of activity - whilst maintaining excellent customer satisfaction levels - placed the Business Gateway team under constant pressure for extended periods. Many more overtime hours than contracted hours were worked, as these achievements would not have been possible otherwise.
- 6.32 Audit Scotland is currently scrutinising the following COVID-19 schemes specifically: Small Business Support Grant, Taxi & Private Hire Vehicle Fund; Strategic Framework Business Fund (Incorporating an Islands Equivalent Payment).

### **(n) COVID-19 Local Business Support Scheme (C-LBSS) - CLOSED**

6.33 On 3 April 2020 the Comhairle's Emergency Powers Committee approved the allocation of £500k to establish a support fund for the local business community, the 'COVID-19 Local Business Support Scheme' (C-LBSS). Subsequently, £200k of that allocation was reallocated to Bernera Bridge. Grant funding of up to £5,000 was available for businesses in hardship where the intervention would enable the business to survive the outbreak and thrive thereafter. Support was available for expenditure such as plant and equipment maintenance, lease payments on assets that otherwise might be lost, loan interest payments. The scheme is currently closed, and the following table details the expenditure per island area:

<b>Area</b>	<b>Lewis</b>	<b>Harris</b>	<b>N. Uist</b>	<b>Benbecula</b>	<b>S. Uist</b>	<b>Barra</b>	<b>Total</b>
<b>Applications Approved</b>	38	6	2	2	6	2	<b>56</b>
<b>Amount Approved (£)</b>	87,275	18,719	4,779	5,282	25,156	7,757	<b>148,968</b>

6.34 As applications to the C-LBSS had slowed, a decision was taken to close/suspend the scheme whilst other Scottish Government COVID-19 funds were being administered. A balance of £151,032 remains and a 'recovery' scheme is being developed currently, to support businesses post-COVID-19.

6.35 Several options as to how best to support economic recovery and build resilience in the local business community are currently under consideration. It is intended that any financial assistance scheme proposed should stimulate new business investment to support recovery and longer-term growth. It is proposed to develop a grant scheme that will: encourage inward investment; support businesses to re-locate to the Outer Hebrides; assist with diversification; promote sustainability/resilience; and provide additional support to high-value start-ups.

### **OUTER HEBRIDES BUSINESS GATEWAY PERFORMANCE (2020-2021)**

7.1 Reporting directly to the Business Gateway National Unit (BGNU) located within CoSLA, each Business Gateway area monitors and reports performance using a robust logic model framework with an appropriate range of performance indicators, as detailed below:

<b><u>BG National Performance Indicators</u></b>	<b>2018-19 (Actual)</b>	<b>2019-20 (Actual)</b>	<b>2020-21 (Actual)</b>
Business Start-up	72	56	<b>64</b>
Early Stage Growth	3	3	<b>0</b>
Growth Advisory Service	5	5	<b>0</b>
BG/ HIE Growth Pipeline	2	3	<b>1</b>
HIE Account Management	3	1	<b>0</b>
Local Advisory Service	294	289	<b>1,051</b>
Local 'Expert Help' Service/Sub-growth	111	70	<b>272</b>
Workshops/ Webinar & Events	69	55	<b>57</b>
Workshop/ Webinar Attendees	619	460	<b>455</b>

7.2 Given the economic conditions over the 20-21 financial year, the number of local start-ups supported during the pandemic is extremely encouraging. The number of enquiries received (via the Local Advisory Service) was extremely high.

7.3 Only 1,051 are accounted for in this Report - it was not possible to enter all the data onto the BG Client-management System, given that administration of emergency Covid-19 funding by BG staff was prioritised – and the remainder will be captured and reported along with 2021-22 data. The number of new enquiries received is estimated at 1,700 and it is estimated that each enquiry generated an average of five interventions, either by telephone or Email. The number reported against ‘Expert Help’ is also artificially high - as it includes COVID-19 related activity.

7.3 Key Performance Indicators (KPIs) in respect of Outer Hebrides Business Gateway are recorded via ‘Interplan’ and reported to the Comhairle on a regular basis, as detailed below:

<b>Key Performance Indicators (2020-2021)</b>	<b>Target</b>	<b>Actual</b>
Number of Business Enterprise Skills workshops delivered	30	<b>58</b>
Existing businesses supported to achieve growth-targets	8	<b>1</b>
Number of jobs created and/or safeguarded	45	<b>69</b>
Number of young people supported in business (18-30)	50	<b>72</b>
Number of new start-up businesses supported	40	<b>64</b>

7.4 In terms of performance against target, some good results were achieved in what was an extremely challenging year – particularly in the number of start-ups supported.

7.5 OHBG performance continues to compare favourably against other Business Gateway areas across the Highlands and Islands. The following table indicates the number of Business Start-ups (BSU) supported per head of population - with the Outer Hebrides once again achieving the highest start-up rates.

**Number of Business Start Ups (BSU) supported (2020-21)**

<b>Council (BG) Area</b>	<b>Population (est.)</b>	<b>Number of BSU Supported</b>	<b>Number of BSU (per 1,000 Population)</b>
<b>Outer Hebrides</b>	<b>26,190</b>	<b>64</b>	<b>2.5</b>
Shetland	22,400	46	2.0
Orkney	20,110	35	1.8
Moray	87,720	90	1.0
Argyll & Bute	89,200	94	1.0
Highland	221,630	172	0.8

7.6 It was a challenging year for the BG Workshops Programme, as COVID-19 led to face-to-face Workshops having to be cancelled and replaced locally with Webinars. However the transition from Workshop to Webinar was relatively smooth and feedback received has consistently been very good.

7.7 An independent customer-satisfaction tracking survey is conducted monthly by ‘Progressive Partnership’. Key Performance Indicator results for the year to 31 March 2021 are as follows:

<b>Key Performance Indicator (KPI)</b>	<b>All of Scotland</b>	<b>Outer Hebrides</b>
Overall satisfaction ( <i>extremely satisfied, very satisfied, satisfied</i> )	78%	<b>86%</b>
Service delivered met expectations ( <i>met or exceeded expectations</i> )	77%	<b>85%</b>
Business benefit gained from service received ( <i>all saying yes, support will be beneficial – excluding those who report it is ‘too early to say’</i> )	79%	<b>82%</b>
Would recommend Business Gateway ( <i>definitely or probably</i> )	81%	<b>85%</b>

- 7.8 As demonstrated by the table above, overall Outer Hebrides Business Gateway performance compared favourably with the national average across all measures. Overall, across Scotland, satisfaction levels were lower than previous years. Due in-part to COVID-19 and being forced to turn down businesses for Covid-19 emergency funding where Scottish Government eligibility criteria were not met.

#### **BUSINESS FUNDING AND ACTIVITY**

- 8.1 During 2020-21 the Comhairle's Business Gateway service team delivered the following additional (non-core) business support services across the Outer Hebrides:

- (a) Revolving Loan Fund (RLF);
- (b) Outer Hebrides Fisheries Investment Scheme (FIS);
- (c) Outer Hebrides Young Entrepreneurs Start-up Scheme (OHYESS);
- (d) Economic Development Sites & Properties (Business Units); and
- (e) Outer Hebrides Online Business Directory.

- 8.2 During the period, **29** awards of funding were made to a range of businesses. Most of these awards were made in relation to start-up activity. Four Fisheries Investment Scheme (FIS) Loans were made, totalling over £250k. Financial support provided over the past three years is summarised below:

	<b><u>2018-2019</u></b>	<b><u>2019-2020</u></b>	<b><u>2020-2021</u></b>
Number of Grant Awards	41	12	<b>19</b>
Total Value of Grant Awarded	£181,900	£24,502	<b>£35,393</b>
Number of Loans Drawn down	16	4	<b>10</b>
Value of Loans	£581,900	£25,000	<b>£270,200</b>
TOTAL: <b>Number</b> of Loans/ Grants	57	16	<b>29</b>
TOTAL: <b>Value</b> of Loans/ Grants	£763,800	£49,502	<b>£305,593</b>

- 8.3 The above does not include the Comhairle's COVID-19 Local Business Support Scheme which paid out £148,968 to 56 businesses.

- 8.4 It is also encouraging to report that instances of loan-default have remained consistently low over the past 12 years, at approximately 3%. Loan-interest is charged by the Comhairle on business loans at either 4% or 6%, designed to mitigate against potential default. One exception being a £2,000 interest-free micro-loan currently delivered by Business Gateway.

#### **UPDATE ON EXTERNALLY FUNDED BUSINESS SUPPORT INITIATIVES**

##### **Outer Hebrides Youth Entrepreneurs Start-up Scheme (OHYESS)**

- 9.1 The OHYESS is a collaboration between the Comhairle and Highlands & Islands Enterprise (HIE). The main aim of the scheme is to support business start-ups in key sectors. Although the original scheme was aimed at young local entrepreneurs aged 18 to 40 – the age restriction has since been removed.
- 9.2 HIE provide the funding, with the Comhairle providing the staff (Business Gateway) resource to administer and deliver the scheme. Recipients receive their funding directly from the Comhairle with quarterly claims made to HIE – which agreed to invest up to £80,000 over two years. Grants of up to £2,500 for the purchase of capital equipment for businesses operating or linked to key sectors are available, with no age restriction, though priority is given to young applicants.

- 9.3 Thus far OHYESS has supported **30** new business start-ups across a range of key sectors, including: food and drink; creative industries; tourism; leisure; manufacturing; traditional and textiles. The total project cost of the investments was almost **£300k** - of which OHYESS invested over **£55k** (18%). The total annual turnover of these businesses was expected to be just over **£2m** in year one, increasing to over **£4m** by year three. A total **31 jobs** were expected to be created (**22 FT, 18 PT**) from these applications in year one. As businesses can be up to two years old, there are several jobs safeguarded (7 FT and 7 PT).

#### **'DigitalBoost'**

- 9.4 Funded by Scottish Government the 'DigitalBoost' programme has been delivered in the Highlands and Islands for several years, initially under the management of Highlands & Islands Enterprise (HIE). DigitalBoost is now managed and delivered across Scotland by local authorities – with an initial phase via Business Gateway from July 2017 to March 2018. DigitalBoost has been delivered on a year-to-year basis since, as Scottish Government funding becomes available - with each Business Gateway allocated funding to procure and deliver DigitalBoost in its local area. Funding was secured recently to continue DigitalBoost delivery across the Outer Hebrides to March 2022.
- 9.5 The key purpose of the DigitalBoost Programme is to strengthen Scottish SMEs' knowledge and skills in digital technology - enabling participants to enter new markets, trade internationally, increase efficiency and increase potential employment opportunities.
- 9.6 During 2020-21, **28** Digital Health Checks were carried out, **15** businesses benefitted from intensive 1-2-1 digital support (up to 21 hours are available to each business), with a total of **241.5** hours delivered. In addition, **21** Digital Skills webinars were delivered across the islands, receiving very positive feedback and good attendance numbers.

#### **COVID-19 AND THE WIDER ECONOMIC CONTEXT**

- 10.1 Globally, 2020-21 was an exceptionally challenging year because of COVID-19. The COVID-19 pandemic is a health crisis that has become an economic crisis. The priority has been to protect public health through the introduction of physical-distancing measures. This resulted in the shutdown of economic activity in many parts of the Scottish economy with output falling sharply. Across the United Kingdom uncertainties around BREXIT eroded business confidence further - resulting in the business community holding back on investment and growth plans. In the Outer Hebrides, a lack of business confidence resulted in a disappointingly low number of existing businesses coming forward with plans or investment proposals and applications to the Comhairle business support schemes. With continued uncertainties around COVID-19, the situation is likely to get worse before it begins to improve. The number of small business start-ups supported suggests a degree of confidence in the local economy which has been helped by the ongoing successful vaccine rollout.
- 10.2 The economic downturn has been unprecedented with many productive and profitable businesses having had to close temporarily– resulting in financial stress. The response from government has also been unprecedented with a combination of measures to support the economy which Local Authorities have been actively engaged with through their Business Gateway, Economic Development and Finance teams.
- 10.3 In response to the current crisis, the Comhairle's Emergency Powers Committee of 13 April 2020 approved the recommendation to set up a business support scheme to assist businesses in hardship 'COVID-19 Local Business Support Scheme'. Business Gateway administers the scheme. The total fund was £500,000 with businesses being able to access up to £5,000. Applications to the scheme had slowed down and a decision was taken to close or suspend the scheme whilst the other Scottish Government COVID-19 schemes were being administered. The remaining budget is £151,032 and a 'recovery' scheme is currently being developed to support businesses post-COVID-19.

10.4 The principal role of Business Gateway throughout the pandemic has been to support businesses to navigate their way through the vast and complicated maze of support measures being introduced and constantly updated. Since the start of the crisis in March 2020, the Business Gateway service team - all working from home - has had to deal with an unprecedented number of phone-calls and Emails from businesses across the islands, many of which are suffering business and personal hardship, not to mention considerable stress. This has been exceptionally challenging for the BG team, which had also seen its number reduced at the beginning of the crisis with the loss of a Business Support Officer.

## CONCLUSIONS

11.1 Over **£21.5m** of business hardship support funding has been provided to businesses in the Outer Hebrides since the start of the COVID-19 pandemic across a wide range of complicated schemes.

11.2 The Comhairle's COVID-19 Local Business Support Scheme has supported **56** business with funding - **£148,968**. The remaining budget is £151,032 and a 'recovery' scheme is currently being developed to support businesses post-COVID-19.

11.3 The successful delivery of a range of new Covid-19 emergency funding schemes was very challenging. Meeting these challenges relied on the goodwill, responsiveness, and adaptability of the Business Gateway and other Comhairle staff. Ensuring appropriate staff resources are in place to continue to disburse funds quickly and efficiently should they become available to businesses remains a priority.

11.4 In the twelve years since Business Gateway was introduced to the Highlands and Islands: over **610** business start-ups have been supported; over **670** Business Skills Workshops/ Webinars delivered; over **920** jobs created/ safeguarded; and approximately **£4.45m** of loan/ grant funding awarded to support business start-up and growth across the Outer Hebrides.

11.5 Other than 'Growth', all of BG's 2020-21 performance targets were either achieved or exceeded. Feedback from Business Gateway service users was very encouraging, with many commenting on the positive impact on their business. Benefits to the local economy are considered significant in terms of business development and investing in opportunities and job creation

11.6 The continuation of the 'DigitalBoost' programme will broaden the knowledge and skills of local businesses in digital technology – thereby supporting businesses to enter new markets, trade internationally, increasing efficiency and employment opportunities across the islands. The DigitalBoost programme will also equip local businesses better to thrive in a post-COVID-19 digital economy.

11.7 The economic challenges experienced during 2020-21 - along with COVID-19 - will undoubtedly have a far-reaching impact and consequences for many years to come. The Comhairle's Economic Development service (incorporating the Business Gateway service team) will have a critical role to play in assisting and supporting the islands' economic recovery and in supporting the local business community to survive, grow and prosper – both in the foreseeable future and far beyond.

11.8 Several options as to how best to support economic recovery and build resilience in the local business community are currently under consideration. It is intended that any financial assistance scheme proposed should stimulate new business investment to support recovery and longer-term growth.