



**BUSINESS GATEWAY SERVICES: PERFORMANCE UPDATE 2023-24**

Report by Depute Chief Executive

**PURPOSE**

- 1.1 The purpose of the Report is to update the Comhairle on the performance of Business Gateway services in 2023-24.

**EXECUTIVE SUMMARY**

- 2.1 The Business Gateway service has been operational for 15 years and is delivered nationally by Local Authorities on behalf of the Scottish Government. The Outer Hebrides Business Gateway (OHBG) also delivers a range of Comhairle and externally funded packages of support to the local business community across the Outer Hebrides
- 2.2 2023-24 was another challenging year for Business Gateway, as the economy continued to recover from the Covid-19 pandemic - exacerbated by ongoing difficulties resulting from BREXIT, high energy costs, inflation, rising interest rates, ferry issues and the increasing cost-of-living. In addition, many businesses across all sectors continue to experience recruitment challenges. Despite this, local business community confidence increased to some degree - resulting in many businesses putting forward investment plans for support, encouraged by the Comhairle's funding and support packages.
- 2.3 Business start-up activity increased by 6% on the previous year and compared well with other Business Gateway areas in the Highlands & Islands – achieving the highest number of business start-ups per head of population. Other performance indicators were more challenging, though encouraging. Whilst there was a drop in the number of business enquiries dealt with, the number is still above pre-Covid times. Over 100 FTE jobs were created/ safeguarded as a result of Business Gateway interventions.
- 2.4 The current phase of the Outer Hebrides Young Enterprise Scheme (OHYESS) ended in March. The scheme is a partnership between the Comhairle and Highlands & Islands Enterprise (HIE) and has operated successfully for four years. The impact of OHYESS on the local economy has been significant and a proposal to continue OHYESS for a further two years was recently approved by HIE.
- 2.5 The highly successful CERGS scheme also ended in March and - following a report to the Sustainable Development committee in April – the Comhairle agreed to fund a replacement scheme with the reallocation of £200,000 from the Comhairle's Revolving Loan Fund.

**RECOMMENDATIONS**

- 3.1 **It is recommended that the Comhairle agrees to note the range and scale of support delivered successfully to Outer Hebrides businesses by Business Gateway during 2023-24.**

Contact Officer: Norman MacLean, Senior Business Development Officer, 217305  
[nmaclean@cne-siar.gov.uk](mailto:nmaclean@cne-siar.gov.uk)

Appendix: None

Background Papers: Report to Sustainable Development Committee 23 April 2024

## IMPLICATIONS

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

<b>Resource Implications</b>	<b>Implications/None</b>
Financial	There are no financial implications.
Legal	None.
Staffing	There are no staff implications, Business Gateway staff will continue to deliver the core BG service and the various internal/external programmes.
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 internal and external partner eligibility criteria.
Equalities	None.
Corporate Strategy	Economy and Jobs - to collaborate 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 mission of Business Gateway (BG) is to contribute to the delivery of the National Strategy for Economic Transformation (NSET), 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 in 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 specialist information;
  - (c) One-to-one signposting service - advice and practical support provided by business support advisers based in local offices; and
  - (d) Business Skills Workshops/ Webinars: a range of practical relevant business-related topics.
- 5.3 OHBG also delivers a range of Comhairle and externally-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 providing advice and support including: signposting; sectoral information; and workshops/ webinars targeted at new and growing enterprises.

## OUTER HEBRIDES BUSINESS GATEWAY PERFORMANCE (2023-2024)

- 6.1 Reporting directly to the Business Gateway National Unit (BGNU) located within CoSLA, each Business Gateway area monitors and reports performance, as detailed below:

<b>BG National Performance Indicators</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Business Start-up	58	48	<b>51</b>
Local Advisory Service	1,341	455	<b>374</b>
Local 'Expert Help' Service	1,015	71	<b>58</b>
Workshops/ Webinar & Events	60	25	<b>16</b>
Workshop/ Webinar Attendees	503	209	<b>83</b>

- 6.2 It should be noted that 2021-22 was impacted by COVID-19, hence the significant variation with 2022-23 and 2023-24 results. The number of start-ups is higher than the previous year, which is encouraging. Part of the reason for this will be the Comhairle's own business support packages, which provide valuable funding to new and early-stage businesses. Although the number of enquiries is lower than the previous year, it is significantly higher than pre-Covid times, where 300 enquiries per annum would normally be expected. Also, fewer workshops/ webinars are being delivered locally, due to the increased volume of webinars now delivered centrally by the Business Gateway national service.
- 6.3 Key Performance Indicators (KPIs) in respect of Outer Hebrides Business Gateway are recorded by the Comhairle's 'Interplan' performance management system and reported on a regular basis, as detailed below:

<b>Key Performance Indicators (2023-2024)</b>	<b>Target</b>	<b>Actual</b>
Number of business skills workshops/ webinars delivered	15	<b>16</b>
Existing businesses supported to achieve growth-targets	5	<b>19</b>
Number of jobs created and/ or safeguarded	45	<b>109.5</b>
Number of young people supported in business	40	<b>90</b>
Number of new business enquiries dealt with	280	<b>374</b>
Number of new start-up businesses supported	35	<b>51</b>

- 6.4 In terms of performance against target, some positive results were achieved in what was a challenging year – particularly in the number of growth businesses supported. With the help of the Comhairle's CERGS funding, 19 businesses came forward with plans to achieve growth. This was down on the previous year, partly due to less funding available – and demonstrating the importance of investment schemes such as CERGS.
- 6.5 Performance in relation to start-ups was very positive, enjoying an increase of 6% on the previous year. OHBG also compares favourably when assessed 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. Other than for last year, the Outer Hebrides consistently achieves the highest start-up rate and is marginally at the top again.

**Number of Business Start Ups (BSU) supported (2023-24)**

<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>26,720</b>	<b>51</b>	<b>1.90</b>
Shetland	22,920	43	1.88
Argyll & Bute	85,870	135	1.572
Orkney	22,270	35	1.571
Highland	235,830	358	1.52
Moray	95,820	104	1.09

- 6.6 Three areas experienced an increase in start-ups from the previous year - Outer Hebrides, Argyll & Bute and Highland. The other three - Orkney, Shetland and Moray experienced a drop. Argyll & Bute experienced the biggest increase whereas Orkney had the highest decrease.

- 6.7 Due to Covid-19, Business Skills Workshops were replaced with Webinars. The transition from a one-to-many classroom setting to online delivery was smooth and participant feedback received has been consistently good. With location no longer a barrier, it has enabled businesses operating in rural locations to access courses and topics they wouldn't normally have access to. The Business Gateway National Unit now delivers most of the Webinars, with local offices focusing on in-person Workshops.
- 6.8 An independent monthly OHBG customer-satisfaction tracking survey is conducted by 'Progressive Partnership'. Key Performance Indicator results for the year to 31 March 2024 are as follows:

<b><u>Key Performance Indicator (KPI)</u></b>	<b><u>All of Scotland</u></b>	<b><u>Outer Hebrides</u></b>
Overall satisfaction ( <i>extremely satisfied, very satisfied, satisfied</i> )	79%	<b>88%</b>
Service delivered met expectations. ( <i>met or exceeded expectations</i> )	79%	<b>96%</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> )	83%	<b>88%</b>
Would recommend Business Gateway ( <i>definitely or probably</i> )	81%	<b>84%</b>
Satisfaction with local office	85%	<b>100%</b>

- 6.9 As demonstrated by the table above, overall Outer Hebrides Business Gateway performance compared favourably with the national average across all measures. When compared to all areas in the Highlands and Islands, the Outer Hebrides came in first in two of the measures: (1) meeting expectations, and (2) satisfaction with the local office.

## **BUSINESS FUNDING AND ACTIVITY**

- 7.1 During 2023-24 the Comhairle's Business Gateway service team delivered the following additional (non-core) business support packages across the Outer Hebrides:
- Revolving Loan Fund (RLF);
  - Outer Hebrides Fisheries Investment Scheme (OHFIS);
  - Outer Hebrides Young Entrepreneurs Start-up Scheme (OHYESS);
  - Covid-19 Economic Recovery Grant Scheme (CERGS);
  - Outer Hebrides Youth Enterprise Programme (OHYEP);
  - Economic Development Sites & Properties (Business Units); and
  - Outer Hebrides Online Business Directory.
- 7.2 During the period, 52 funding awards were made to a range of businesses across the Outer Hebrides: 17 grant awards went to young businesses through OHYESS (£56,868); 22 grants were awarded to new and existing businesses through CERGS (£35,559), 7 grants went to young entrepreneurs aged 18-35 through OHYEP (£12,215), and six loans were approved - of which two (£23,000) were fishing vessel investments.
- 7.3 Although the number of individual grant awards is approximately the same as the previous year, the amount of grant awarded is substantially lower – this is primarily as a result of the Comhairle's Covid-19 Economic Recovery Grant Scheme (CERGS) coming close to an end resulting in the amount of grant being reduced from £20,000 to £2,000. CERGS has had a significant impact on the number of businesses supported to achieve growth over the past three years. There was also a considerable drop in the number of loan investments made, primarily as a result of less activity in the fishing sector. Financial support over the past four years is summarised in the table below:

	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
Number of Grant Awards	19	67	41	<b>46</b>
Total Value of Grant Awarded	£35,393	£430,016	£307,323	<b>£104,642</b>
Number of Loans Drawn down	10	11	16	<b>6</b>
Value of Loans	£270,200	£314,500	£427,800	<b>£76,735</b>
TOTAL: <b>Number</b> of Loans/ Grants	29	78	57	<b>52</b>
TOTAL: <b>Value</b> of Loans/ Grants	£305,593	£744,516	£735,123	<b>£181,377</b>

- 7.4 The Comhairle has been actively involved in supporting the local fisheries sector for over 30 years. In the past five years alone the Comhairle has invested over £1m in the local fishing fleet - supporting fishers across the islands to purchase newer, faster and more fit-for-purpose fishing vessels. These vessels contribute almost £5m to the local economy in annual landings. Without the Comhairle's support these projects would not have proceeded, effectively creating a barrier-to-entry for young new entrants to the fisheries sector. Although just three investments were made in the past year the outlook, though challenging, is positive and funds are available for future sector investment.
- 7.5 It is also encouraging to report that instances of loan-default have remained consistently low over the past 25 years - at just under 3% overall. The Comhairle charges interest on business loans at either 4% or 6%, which is designed to mitigate against potential default occurring. Two exceptions being the £2,000 interest-free 'micro-loan' and FIS loans which are charged at commercial rates, currently 7%.

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

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

- 8.1 OHYESS is a collaboration between the Comhairle and Highlands & Islands Enterprise (HIE). HIE provides the scheme funding, with the Comhairle providing (Business Gateway) staff resource to facilitate administration and delivery. Recipients receive funding directly from the Comhairle, with quarterly claims made to HIE. The principal objective of the scheme is to support new and young businesses (up to 5 years old) in key sectors. The scheme has been operating successfully for four years and ended on the 31 March 2024.
- 8.2 The impact of OHYESS on the local economy has been significant. Within the past two years, 28 businesses were supported in a range of sectors across the islands, including 37 FTE jobs being created/ safeguarded. Businesses supported are expected to generate revenue of almost £3.5m within three years. Some of the businesses are already developing plans to grow and create jobs, which demonstrates the importance of OHYESS in encouraging and supporting entrepreneurs in developing their businesses.
- 8.3 A proposal to continue OHYESS for a further two years was approved by HIE recently. Several positive changes have been made to the scheme, including raising the level of grant funding from £5,000 to £7,500.

### **Covid-19 Economic Recovery Grant Scheme (CERGS)**

- 8.4 CERGS was established and funded by the Comhairle in August 2021 to complement surplus Scottish Government discretionary Covid-19 funding, including LACER. The scheme was designed to support economic recovery from Covid-19 by assisting local businesses and social enterprises with grants to build resilience and encourage development. Grants of up to £20,000 were available to help secure the expertise, equipment and technology businesses required to adapt, recover and rebuild. The principal aim was to stimulate new business investment to support recovery and long-term growth.

- 8.5 Since CERGS launched in August 2021, 101 businesses were supported - with almost £700,000 in grants approved for projects totalling £3.5m. In addition, 102 F/T and 51 P/T jobs were expected to be created as a result. Safeguarded jobs were estimated at 89 F/T and 28 P/T. By Year-3 of trading, the combined turnover of businesses supported through CERGS is anticipated to be in the region of £21m per annum.
- 8.6 The scheme has been successful in encouraging businesses to grow and take on new employees – and without CERGS funding it is unlikely that these businesses would have invested in growth during such challenging economic conditions.
- 8.7 A report to the Sustainable Development Committee in April approved the reallocation of £200,000 from the Comhairle's Revolving Loan Fund to invest in a replacement scheme. The new fund is called the Outer Hebrides Business Development Scheme (OHBDS) and will provide grants of up to £3,000 to encourage development in businesses unable to attract OHYESS support.

#### **Outer Hebrides Youth Enterprise Scheme (OHYEP)**

- 8.8 The UK Shared Prosperity Fund (UKSPF) awarded the Comhairle £98,000 to launch the Outer Hebrides Youth Enterprise Programme (OHYEP). The two-year programme commenced in April 2023.
- 8.9 OHYEP will help fill the gap for intensive one-to-one business support, targeted at young entrepreneurs aged 18–35. OHYEP will also complement the existing OHYESS initiative, which currently provides capital grants to young companies operating in key sectors. In addition to a revenue grant of up to £2,000, the package includes a range of support comprising: aftercare; mentoring; specialist one-to-one advice; and training. There are currently seven young entrepreneurs being supported. Due to the lower than anticipated uptake and the requirement to meet spending targets, the level of grant is being increased to £3,000 and the age profile is being increased to include applicants up to age 40.

#### **CONCLUSIONS**

- 9.1 It is now 15 years since Business Gateway was introduced in the Highlands and Islands by the Scottish Government. In that time, across the Outer Hebrides: 769 business start-ups have been supported; 771 Business Skills Workshops/ Webinars were delivered; 1,292 jobs were created/ safeguarded; and approximately £5.68m in loan/ grant funding was awarded to support business start-up and growth.
- 9.2 In 2023-24 there was an increase in the number of start-ups supported in the Outer Hebrides compared to the previous year. Two other areas in the Highlands and Islands also experienced an increase. Outer Hebrides Business Gateway scored highest for the number of business start-ups supported per head of population. However, there was less businesses supported to achieve growth than the previous year which was likely down to economic factors.
- 9.3 Key achievements during 2023-24 include:
- 51 Start-up supported;
  - 19 existing businesses supported to grow;
  - Over 109.5 jobs expected to be created/ safeguarded;
  - 34 businesses received grant/ loan support (£181,377) to aid start-up/ growth;
  - Three investments made in fisheries;
  - 374 new business enquiries dealt with;
  - 58 businesses received expert help;
  - 90 young people aged under-30 supported;
  - 16 Webinars/ Workshops delivered; and
  - 10 business case studies profiled in various media.

- 9.4 All Outer Hebrides Business Gateway performance targets were exceeded in 2023-24. Business start-up was particularly encouraging and would not have been possible without the Comhairle's support and continued financial investment. Satisfaction results were also encouraging, receiving some of the highest scores in the Highlands and Islands.
- 9.5 Over the past five years the Comhairle has invested over £1m in the local fishing fleet, supporting fishers across the islands to purchase newer, faster and more fit-for-purpose fishing vessels. These vessels contribute to almost £5m in annual landings to the local economy. Without the Comhairle's support these investments would not have proceeded, effectively creating a barrier-to-entry for young new entrants to the fisheries sector. It is particularly encouraging that young people are interested in making fishing a career - and the Comhairle's Fisheries Investment Scheme provides the opportunity to invest in vessel ownership and enhance their future prospects.
- 9.6 Feedback from Business Gateway service users has also been extremely encouraging, with many commenting on its positive impact on their businesses. Benefits to the wider local economy are also significant in business development terms through investment opportunities and local job creation.
- 9.7 The economic challenges experienced over the past three years (Brexit, COVID-19, increased energy and other prices following Russia's invasion of Ukraine) - along with longer term demographic concerns (falling birth rate, increased ageing population) resulting in labour market shortages, will undoubtedly have far-reaching impacts and consequences in the years to come.
- 9.8 The Comhairle's Economic Development service (incorporating the Business Gateway service) will continue to play an important role in assisting and supporting the islands' economic recovery by supporting the local business community to survive, grow and prosper – in the near future and beyond.