

CAIRNGORMS NATIONAL PARK
BUSINESS SUPPORT AUDIT

July 2010

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in association with

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Cairngorms National Park Business Support Audit

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I.0 INTRODUCTION

Introduction

- I.1 This report has been produced for the Cairngorms National Park Authority (CNPA). It updates a report produced in April 2009 for the Cairngorms Local Action Group (LAG) to provide information on business support services available in the Cairngorms National Park (CNP). The research was conducted March-June 2010, and the information in this report is thus based on information available at this time. Web references and links for programmes of support are provided for more detailed and up-to-date information.
- I.2 The specific objectives of the audit were to:
- Identify and document the business support services and environmental planning support that are available to businesses within the Cairngorms National Park;
 - Present this information by geographical area across the Park.
- I.3 Environmental planning support is an addition to the audit produced in April 2009. Also, a guide to the audit has been produced, encouraging reference to the audit online.
- I.4 Following a review in Section 2 of support available across the CNP as a whole, Sections 3-6 summarise the support available in Highland, Moray, Aberdeenshire and Angus, with repetition of material where a programme of support might apply in more than one of the local authority areas but not in all four. These area Sections include information on relevant programmes supported by European Structural Funds through the Highlands and Islands Partnership Programme and the Lowlands and Uplands of Scotland Programme.

Background

- I.5 LEADER delivers support for rural development through the implementation of local development strategies and is aimed primarily at small-scale, community driven projects that are pilot and innovative in nature. It aims to increase the capacity of local rural community and business networks to build knowledge and skills, and encourage innovation and co-operation in order to tackle local development objectives.
- I.6 The Cairngorms LAG is a partnership covering the CNP. It oversees the management of the LEADER funding programme and associated grant resources from the Cairngorms National Park Authority and Scottish Natural Heritage (SNH) for the area. The programme for the CNP is guided by a Local Development Strategy and associated Business Plan. One of the key themes in the Strategy is to support the development of a “Progressive Rural Economy”, including business support.
- I.7 Four local authorities have responsibility for different parts of the CNP: Highland; Moray; Aberdeenshire; and Angus. The two enterprise networks, Highlands and Islands Enterprise (HIE) and Scottish Enterprise (SE) also cover different areas within the Park,

whilst other organisations (e.g. SNH; the Crofters Commission) cover all or part of the CNP.

- 1.8 A wide variety of business support services and grant programmes are currently provided by a range of organisations in Scotland, primarily via the local authorities and enterprise networks, but also through specialist organisations such as the Prince's Youth Business Trust (PSYBT). Some of the assistance is available across the CNP, while other types and levels of support vary within the area.
- 1.9 Business support is interpreted to include sources of business advice and information; capital investment funds; and training and marketing support.

Methodology

- 1.10 The research was primarily desk-based, and entailed a review of the websites and other documentation of a wide variety of organisations that provide business support services in Scotland. The work also involved consultations with representatives of the Cairngorms LAG and the four local authorities to obtain supplementary information on business support programmes.
- 1.11 Varying levels of detail are provided for different forms of business support, and the length does not necessarily reflect relative importance or degree of relevance. It has only been possible to provide information on the sources of support considered most important or relevant within the remit for this audit. There are many other support mechanisms potentially available to particular enterprises depending on their sub-sector and the nature of their proposed development.
- 1.12 For the purposes of this audit, "businesses" are regarded as small scale commercial enterprises, social enterprises, and other organisations and partnerships that aim to generate income (possibly for social purposes).

2.0 THE CAIRNGORMS NATIONAL PARK AS A WHOLE

Business Gateway

- 2.1 The Business Gateway offers advice and information to new and existing businesses in Scotland, providing a co-ordinated first point of contact for business-related services. It has been operating in the Scottish Enterprise area for a number of years and was extended to cover the whole of Scotland from April 2009.
- 2.2 Changed remits of Scottish Enterprise and Highlands and Islands Enterprise have included moving away from providing business start-up and small business advisory functions and re-focusing efforts towards assisting businesses with high growth potential and on Government Economic Strategy priority sectors. Local government now has responsibility for providing support to local businesses that serve local markets, including Business Gateway.
- 2.3 The Scottish Enterprise operation of the Business Gateway provided services initially through a website and a call centre helpline, with each region also operating a local Business Gateway office which was delivered either directly by Scottish Enterprise or through contracts with private suppliers. Businesses and potential business start-ups visited these offices either directly or after being referred by the national call centre. This approach continues following the transfer of the Business Gateway to local government. Some local authorities provide the service directly, whilst in other areas, the service is contracted out to Enterprise Trusts. Across Scotland, the Business Gateway has to provide a core service and meet national minimum standards. However, local authorities also have discretion to deliver a service that is appropriate to local needs.
- 2.4 The range of services that the Business Gateway provides to new and growing businesses includes:
- Business advisory services.
 - Advice and events for business start-ups (e.g. setting up a business; taxes and payroll; employing people; business planning; marketing; financial control; IT; health and safety).
 - Information on potential sources of finance and other business support such as training courses.
 - Managing and planning business growth.
 - Business workshops and events (e.g. marketing; accounts; e-business; people and general management; exporting; employment law).
 - Signposting to other public sector services.
- 2.5 Where businesses are of a particular scale, are high growth or in key sectors, they are referred to the Enterprise Networks for specific, targeted support.
- 2.6 The target markets for the Business Gateway service are:
- people in Scotland who are seriously thinking about establishing a new business and are likely to take action; and

- existing businesses with potential for development and growth.

2.7 Business Gateway objectives include:

- increasing the number of new businesses created – including a proportion of those more likely to produce economic impact, such as those achieving turnover above the VAT threshold and those that subsequently achieve growth; and
- identifying existing small businesses with potential for development and growth, encouraging additional growth and pointing them to further company growth support from SE and HIE.

2.8 The national Business Gateway website is based on the UK Government’s Business Link website and is the main source of information and self help diagnostic tools for both customers and advisors working with them. <http://www.bgateway.com>

2.9 There is also a national Business Gateway Enquiry Service (BGES), operated by Scottish Enterprise, which handles campaign responses, provides call-handling facilities and manages information provision. A key role is to provide basic business information to callers, and to support other services, including local Business Gateway contractors. The service also acts as a Help Desk for users of bgateway.com – providing, in some cases, follow-up monitoring of Business Gateway customers. The service manages the flow of referrals across the SE and HIE areas to Business Gateway local delivery and to partners at both national and local levels.

2.10 Business Gateway delivery in each of the four CNP local authority areas is summarised in Sections 3-6 below.

The Prince’s Scottish Youth Business Trust

2.11 The PSYBT provides financial and professional support to young people in Scotland aged 18-25, or aged between 26 and 30 with a disability, who are setting up or expanding their business. It is particularly aimed at those who may be disadvantaged.

2.12 The PSYBT is firmly established throughout Scotland, operating across 18 Regions. Regional Managers, co-located with the Business Gateway, are responsible for organising pre-start training and aftercare support for young people helped by the PSYBT.

2.13 The PSYBT can provide a range of support to young people starting in business, including: access to pre-start training and advice; a business advisor for at least two years; bookkeeping training and a free bookkeeping system; help with business planning; advice on additional sources of support and finance; access to business competitions; opportunities to attend exhibitions; PR opportunities; and networking opportunities with other young businesses. <http://www.psybt.org.uk>

2.14 PSYBT also offers financial support for business start-ups. This may include a pre-start test marketing grant of up to £250; a low interest loan of up to £5,000; or a grant of up to £1,000.

- 2.15 It can also provide development funding of up to £25,000 under its **Growth Fund**. This is available to businesses that have previously received PSYBT support and is aimed at enabling these businesses to grow.
- 2.16 The fund does not replace other locally or nationally available business growth finance, and all applicant businesses must be able to demonstrate a clear potential for growth and the inability to raise either some or all of the money to fund this growth from elsewhere. The fund can provide a Development Loan, up to £5,000 for businesses pursuing modest growth; and an Accelerator Loan, between £10,000 and £25,000 towards more significant growth plans.
- 2.17 The Development Loan is available to applicants aged between 18 and 29 with a business that has been trading for up to three years and normally for more than one year. Loans are repayable over a maximum of three years, with a flat rate of interest of 4% per annum. There is an initial capital repayment deferment available for up to six months.
- 2.18 The Accelerator Loan is available to applicants aged between 18 and 21 with a business that has been trading for up to five years and normally for more than one year. Loans are repayable over a maximum of five years, with a flat rate of interest of 4% per annum. There is an initial capital repayment deferment available of up to two years. Loans are not to be used for replacing capital equipment or for buying premises previously leased by the applicant.
- 2.19 The Growth Fund is currently operating as a pilot project and funds are limited. For both types of loan, the package of support also includes access to advice, information and aftercare and/or mentoring.

Scottish Government

Third Sector Support

- 2.20 The Scottish Government is providing funding support totalling £93 million to the “Third Sector” (including community, voluntary and not-for-profit activities) over the period 2008 to 2011. The support was initially delivered through three specific funds, namely: the Scottish Investment Fund; the Social Entrepreneurs Fund; and the Third Sector Enterprise Fund. The latter closed for new applications in November 2009, but the other two funds are expected to continue operating until March 2011, in line with the current spending review period.
- The **Scottish Investment Fund** (SIF) is managed by Social Investment Scotland (SIS) on behalf of the Scottish Government. It is a £30 million fund designed to help established third sector organisations secure a transformational step change in their capacity, capability and financial sustainability. SIF investments comprise a mix of loan finance, non-repayable strategic investments and other financial products, new to the third sector, such as risk capital. The maximum total investment from the SIF is £1,000,000, and the minimum £100,000, and at least half should be loan funding. The fund supports enterprise in the Third Sector through investment in individual organisations, supported by integral business support and management development. SIF investment may be applied towards operations, marketing and business

development, governance and financial controls. The fund enables organisations to invest in assets such as buildings, plant and machinery. The terms on which investments are completed vary according to the requirements of individual cases. Between 60 and 80 organisations are expected to be supported through the fund over the period 2008-2011.

<http://www.scotland.gov.uk/Topics/People/15300/funding/investment-fund>

<http://www.scottishinvestmentfund.co.uk>

- The **Social Entrepreneurs Fund** is a £1 million fund aimed at individuals who want to set up and run a business with a social or environmental purpose. The fund provides financial and business support to help get new enterprises off the ground. It runs for two years from March 2009. The fund is managed by Firstport on behalf of the Scottish Government. Awards range from £500 to £20,000.

Firstport, in conjunction with Scotland UnLtd, has drawn together the Social Entrepreneurs Fund and the UnLtd Awards fund (which has been funded by the Millennium Awards Trust and is operated by Scotland UnLtd) into one joint programme of funding focused on supporting social entrepreneurs across Scotland. UnLtd is a charitable organisation set up by seven leading organisations in the UK that promote social entrepreneurship, with Scotland UnLtd covering the Scottish region of its operations. Its vision is to be the Foundation for Social Entrepreneurs to promote and develop the major contribution that social entrepreneurs can make to society. The organisation's UnLtd Millennium Awards provide practical and financial support to entrepreneurs in the UK. The programme currently offers three levels of award, which provide finance for both start up and established social enterprises.

Funding is available at three levels:

Level 0 - Concept – awards of £500 focused on very early stage engagement such as legal set up, feasibility/market research, marketing/publicity.

Level 1 - Feasibility – awards of up to £5,000 to cover costs of testing out a new idea (such as marketing, equipment, travel etc). Awards at this level are designed to help make new ideas become real projects.

Level 2 - Implementation – awards of up to £20,000 to cover, for example, an individual's time/salary equivalent. Awards at this level are provided to support projects that are already developed or cover the living expenses of Award Winners to help them devote more time to their projects.

The fund also provides dedicated business support to successful applicants. This could include advice and support on marketing, human resources, accountancy or legal aspects. A network of agents across Scotland enables support to be provided across the country.

<http://www.scotland.gov.uk/Topics/People/15300/funding/Fund>

<http://www.firstport.org.uk>

<http://www.unltd.org.uk/template.php?ID=23>

Scotland Rural Development Programme

2.21 The Scotland Rural Development Programme (SRDP) is the Scottish Government's main programme for financial support to rural Scotland and provides a framework for delivering both European and Scottish Government funding. It is a £1.6 billion programme of economic, environmental and social measures designed to develop rural Scotland over the period 2007 to 2013. It brings together a wide range of formerly separate support schemes, including those covering the farming, forestry and primary processing sectors, rural enterprise and business development, diversification and rural tourism. It includes measures to support and encourage rural communities and encompasses the LEADER initiative for local innovation in rural areas. Individuals and groups may seek support to help deliver the Government's strategic objectives in rural Scotland. The measures are delivered through various initiatives, including:

- Crofting Counties Agricultural Grant Scheme
- Food Processing, Marketing and Co-operation Grant Scheme
- Forestry Commission Challenge Funds
- The LEADER initiative
- Less Favoured Area Support Scheme
- Rural Development Contracts
- Skills Development Scheme

Overall, the SRDP provides assistance for a wide range of rural businesses and community organisations. <http://www.scotland.gov.uk/Topics/Rural/SRDP>

2.22 The **Crofting Counties Agricultural Grant Scheme (CCAGS)** provides assistance towards improving the viability of rural business on crofts and similar scale agricultural holdings in the Crofting Counties (e.g. Inverness-shire within CNP); and to achieve other benefits such as improved animal health and welfare. Support is available for land improvement, agricultural buildings, access and facilities for keeping livestock. The scheme was initially delivered by the Crofters Commission; however during 2009, responsibility for administering the Scheme passed to the Scottish Government Rural Payments and Inspections Directorate (SGRPID). Further details are provided under the "Highland Council Area" section of this audit. (Section 3).

<http://www.scotland.gov.uk/Topics/Rural/SRDP/CCAGS>

2.23 The **Food Processing, Marketing and Co-operation Grant Scheme (FPMC)** is designed to promote sustainable and profitable food production throughout Scotland by ensuring that Scottish food manufacturers and retailers are equipped to respond to change. The aim is to support more sustainable economic growth of the food industry through greater co-operation and collaboration from primary production to final market, ensuring the long term viability of primary producers and increasing export markets for Scottish produce. FPMC also aims to encourage innovation and new product development, enabling food manufacturers and retailers to respond to changes in consumer demand for more affordable, healthier food options. The scheme is open to anyone involved in the production chain (e.g. primary producers, processors, retailers, and food service operators), with the co-operation element supporting involvement with scientific research or academic institutions. It includes:

- Capital Grants – providing assistance towards the construction of buildings and purchase of plant and equipment.
- Non-capital Grants – providing assistance with a range of projects, including market research and consultancy, product development and consumer education material.
- Co-operation Grants – providing support to aid co-operation, collaboration and development within the food chain.

<http://www.scotland.gov.uk/Topics/Rural/SRDP/ProcessingandMarketing>

- 2.24 In 2009, the Scottish Crofting Foundation (SCF) was awarded £229,000 under the Food Processing, Marketing and Co-operation Grants Scheme to deliver greater co-operation between crofters to develop new markets for produce and support new producer groups. SCF want to extend present markets to include B & B, tourism, tweeds and crafts.
- 2.25 The **Forestry Commission** operates two **Challenge Funds** ("Woodlands In and Around Towns" and "Forestry for People") across Scotland, which aim to improve the condition of existing woodlands for the benefit of local people. Both Challenge Funds are administered by Forestry Commission Scotland (FCS) under the SRDP, details of which, are provided under the Forestry Commission Scotland heading in the following section.
- <http://www.scotland.gov.uk/Topics/Rural/SRDP/ChallengeFunds>
<http://www.forestry.gov.uk/forestry/infd-7epeed>
- 2.26 The aim of **LEADER** is to increase the capacity of local rural community and business networks to build knowledge and skills; and encourage innovation and co-operation in order to tackle local development objectives. Support is aimed primarily at community driven projects that are in support of the local economy and, where possible, innovative in nature. Funding is awarded by Local Action Groups (LAGs), which are partnerships of representatives from: the local council; the enterprise networks; business people; other public agencies; voluntary action groups; and community groups. There are 20 LAGs operating across rural Scotland, one of which specifically covers the CNP. LEADER accounts for 5% of the total SRDP allocation (around £38m). An additional £19.2m Convergence Funding has been awarded to seven LAGs in the Highlands and Islands in recognition of its previous status as a disadvantaged and remote area.
- <http://www.scotland.gov.uk/Topics/Rural/SRDP/LEADER>
- 2.27 Constituted community groups, social enterprises, groups of micro or small businesses, voluntary organisations or public sector bodies with a project idea that will benefit the rural community can apply to this fund. Individual businesses are expected to apply to the SRDP's main support programme, but where a business can clearly demonstrate that they have a public agency sponsor and community support for their project, they may, in some cases, submit proposals which implement the local strategy. Projects would need to be community driven and for the benefit of a wide section of the community rather than an individual.
- 2.28 The LEADER programme in the Cairngorms National Park is managed locally by a partnership of organisations and includes funding from the CNPA and SNH. All funding decisions are made by the Cairngorms LAG. The LAG comprises representatives from the community, business, youth and women's groups in the area, along with representatives from the main public sector bodies. Aimed at promoting economic and

community development in rural areas, the Cairngorms LAG's aims are based on the themes of: revitalising communities; and developing a progressive rural economy. Funding is targeted at community driven enterprises that are innovative in nature, will enhance the local area and aid economic development for local people and visitors. Community groups, small business co-operatives, voluntary organisations, land based businesses and other constituted groups can apply to the Cairngorms LAG LEADER fund. <http://www.cairngorms-leader.org/index.asp>

- 2.29 The Cairngorms LAG has staff and resources to help any constituted group to access the advice and information they require to progress their ideas. Whether it is a facility, historic asset, publication, research study or new interpretation and pathworks, LEADER can consider it. Funding can be provided to assist those living in rural areas to gain new skills and to develop new innovative ideas, community facilities, marketing, Cairngorm-wide projects, events, festivals, environmental and land based projects. There is a strong emphasis on supporting new ideas and projects which help young people and women.
- 2.30 A total of £2.17 million European LEADER and Convergence funding has been allocated to the LAG through the Scottish Government. Of this, £1 million is EU LEADER funding, which is available across the Park, whilst the EU Convergence funding of £1.17 million is restricted to the Highland and Moray areas of the Park. The Programme is designed to build on the previous LEADER Programme and to complement other local strategies and the National Park Plan.
- 2.31 Applications for projects appropriate to the objectives of the Programme can be made by constituted not-for-profit groups. Those benefiting from the project must either live or work in the Cairngorms National Park. The total value of a project may be up to £100,000; however, it may be possible to fund projects above this level, but only in exceptional cases. The maximum contribution to any project is generally 41% of the total cost of projects in west Cairngorms and 45% in east Cairngorms. The applicant must find the remaining funds from other public and private sources, including in-kind contributions. A minimum of 5% is expected to be contributed by the applicant. LEADER funding, in general, may not be used with other forms of European funding.
- 2.32 The Cairngorms LAG can assist potential applicants to understand the scope of the Programme and develop eligible applications. Where projects do not receive funding or are ineligible, the LAG Programme Manager will provide feedback and where appropriate, offer advice to redevelop the project, or advise on other possible funding sources. Future deadlines confirmed for the submission of applications are 4 June 2010, 24 September 2010 and 10 January 2011. The LEADER programme for the Cairngorms runs until 2013.
- 2.33 Examples of local projects already supported by the Cairngorms LAG include: local radio, newsletters and events; a community exhibition in Glenbuchat; a shinty coaching initiative in Badenoch and Strathspey; creating a wildlife garden at Crathie primary school; an International Junior Ranger Camp; a conference on rare aspen trees; and the Creative Cairngorms and Cairngorms Hostels initiatives.
- 2.34 The **Less Favoured Area Support Scheme (LFASS)** aims to contribute to the maintenance of the countryside, and viable rural communities, by ensuring continued

agricultural land use; as well as maintaining and promoting sustainable farming systems. It does this by compensating the farmers and crofters who farm in the most disadvantaged areas of Scotland with annual area-based payments.
<http://www.scotland.gov.uk/Topics/Rural/SRDP/LFASS>

- 2.35 **Rural Development Contracts (RDC)** operates two key programmes: **RDC Land Managers Options (LMO)**; and **RDC - Rural Priorities**. The **LMO** provides support for economic, social and environmental improvements across Scotland. Land managers can apply for funding for a range of options under LMO up to a maximum allowance for the business. Some options require a five year commitment and compliance with Good Agricultural and Environmental Conditions and Statutory Management Requirements; others are for one year. LMOs are non-competitive and open to all land managers in Scotland.
<http://www.scotland.gov.uk/Topics/Rural/SRDP/Land-Managers-Options>
- 2.36 **RDC - Rural Priorities** is an integrated funding mechanism which delivers targeted environmental, social and economic benefits. It contributes to the delivery of the Scottish Government's strategic objectives through regional priorities agreed with stakeholders for each of the 11 regions in Scotland. Regional priorities have been established to aid the delivery of the five key outcomes of the SRDP. These relate to: business viability and competitiveness; water quality; adaptations to mitigate climate change; biodiversity and landscapes; and thriving rural communities. Regional priorities indicate which outcomes are considered to be of greatest importance within each of the 11 regions and which actions would best deliver these. They were derived from a set of generic, national priorities by the Regional Proposal Assessment Committee (RPAC) for each region and take account of local conditions and existing regional strategies. Rural Priorities are delivered jointly by the SGRPID, SNH and FCS through area offices.
<http://www.scotland.gov.uk/Topics/Rural/SRDP/RuralPriorities>
- 2.37 Individuals, businesses and properly constituted groups can apply for funding under the Rural Priorities scheme. Projects could cover habitat improvements or improved outdoor access. As well as land managers and farmers, rural businesses, community groups or other organisations can apply if they meet the criteria. The CNPA is involved in this scheme. Individuals, businesses and formally constituted groups are invited to put forward proposals on how they would contribute to the Rural Priorities set out for their region. The Scottish regions include parts of the Cairngorms National Park - Highland, Grampian and Tayside.
- 2.38 Under Community Services and Facilities, grants of up to 90% can be provided for a range of projects including:
- Capital costs – building renovation / new build, internet café facilities, village halls, allotments, sports equipment / facilities, catering accommodation / upgrade.
 - Non-capital costs related to the capital works – feasibility studies, project management of the build, etc.
- 2.39 Under Development / Creation of Micro-Enterprises, funding for existing or new micro-enterprises with fewer than ten workers and turnover of 2 million Euros can be provided towards (for example):

- Provision of leisure, recreation and sporting facilities.
- Retailing of processed agricultural products.
- Processing of forest products.
- Provision of other commercial services, e.g. commercial storage, contracting (building, fencing, etc), farrier, gardening, sheep shearing / scanning.
- Provision of or upgrading of existing tourism accommodation and conversion of redundant farm buildings into rent. Projects involving provision of tourist or residential letting accommodation must not include more than 20 bed spaces.

2.40 The **Skills Development Scheme** offers support towards the development and delivery of group skills development initiatives for land managers (including farmers, crofters and foresters). The Scheme provides an opportunity to secure a contribution towards the funding of new initiatives aimed at improving land managers' business or countryside management skills. It is aimed at bodies that represent farming, forestry and other land management industries, or are closely involved with promoting the development of land and business management skills within these industries.
<http://www.scotland.gov.uk/Topics/Rural/SRD/PSkills>

Forestry Commission Scotland

2.41 As part of the SRDP, FCS provides forestry-related grants under the Rural Development Contracts programme and through Forestry Commission Challenge Funds.

Rural Development Contracts

2.42 Forestry-related Rural Development Contracts are delivered jointly by the SGRPID, SNH and FCS.
<http://www.forestry.gov.uk/forestry/infd-6wxjmk>

2.43 Rural Development Contracts - Rural Priorities

FCS is responsible for forestry-related aspects of Rural Priorities and provides grant support for forests and woodlands. This may include support for: woodland creation; short rotation coppice crops of willow or poplar; sustainable management of forests; woodland improvement grants; or improving the economic value of forests.

2.44 In addition to forestry-specific options, Rural Priorities provides land managers with access to a wide range of other packages and options that could benefit their forests and woodlands and also their forestry business. Examples include: support for renewable energy (forestry); support for key species conservation; processing and marketing; co-operation (non-food and forest products); mammal and bird control; control of invasive non-native species; area access management; and enhancing rural landscapes.

2.45 **Rural Development Contracts - Land Managers Options (LMO) – see 2.35 above.** Forestry options are available under this scheme, for example small scale woodland creation and management of small woodlands.

Challenge Funds

- 2.46 FCS administers two Challenge Funds which operate across Scotland to improve the condition of existing woodlands for the benefit of local people.
<http://www.forestry.gov.uk/forestry/infd-7epeed>
<http://www.scotland.gov.uk/Topics/Rural/SRD/ChallengeFunds>
- 2.47 The **Woodlands In and Around Towns Challenge Fund** (WIAT) is targeted at improving existing areas of woodland. The aim is to regenerate the woodland environment close to centres of population and improve the quality of life for people living and working there. It aims to bring urban woodland into sustainable management and improve recreation facilities by carrying out an agreed programme of work. The funding is targeted at woods within 1 km of settlements with a population of over 2,000 people (the WIAT area). The type of work that could be supported includes:
- development of woodland management plans.
 - silvicultural work to improve woodland structure and condition.
 - construction of new or improved recreation facilities including footpaths.
- 2.48 Under this scheme, FCS will contribute up to a maximum of 75% of project costs.
- 2.49 The **Forestry for People Challenge Fund** covers all of Scotland, including the WIAT areas. It supports local involvement in woodland projects for health, learning and strengthening communities. Examples of this might include:
- setting up walking initiatives.
 - developing natural play areas.
 - delivering rehabilitation programmes in woodland.
 - developing continuous professional development (CPD) programmes for teachers.
 - establishing volunteer groups.
 - developing not-for-profit initiatives such as green exercise projects.
- 2.50 Eligible work could include guidance, contribution towards staff time, feasibility studies and health education projects. FCS will provide a contribution of up to 90% where the project cost is up to £5,000; up to 75% where the project cost is up to £20,000; and up to 50% where the project cost is up to or exceeds £70,000.

Scottish Natural Heritage

- 2.51 SNH provides a range of grants that may be available to projects that are not covered by the SRDP. However, due to the competitive nature of its grants programme, the funding for 2010-11 has already been allocated. As a consequence, it is currently unable to fund any new applications in 2010 for both its existing under £10,000 and £10,000 and over grant categories. In light of the current funding situation, any applications received by SNH will be entered onto its system, but no decision will be taken until further funding may become available. In the event of further funding becoming available, decisions to award funding will be based on how well the project supports SNH's new grant priorities (see below) and the outputs it will deliver.
<http://www.snh.org.uk/about/ab-grants.asp>

- 2.52 From April 2010, grants will focus on projects which get more people and communities actively involved in and caring for Scotland's nature and landscapes. Priorities for funding will be:

Supporting opportunities for people to appreciate and enjoy the outdoors

Aim: To increase the number of people visiting the outdoors to get actively involved in and engaged with the natural heritage.

Encouraging volunteering

Aim: To increase the numbers of people involved in caring for nature and using Scotland's nature and landscapes to deliver health and wellbeing.

Supporting opportunities to learn about the natural heritage

Aim: To raise awareness and understanding of Scotland's nature and landscapes and their role in sustainable lifestyles.

Supporting community development

Aim: To support the management, planning, use of and decision making on the natural heritage.

- 2.53 The new grant system will have an online grant application form, which will also be used for monitoring and evaluating grants and for making claims for payment. It will be accessed through the SNH website and is anticipated to be available by mid to late 2010.

Scottish Development International

- 2.54 Scottish Development International (SDI) is a joint venture between the Scottish Government, SE and HIE that aims to help Scottish companies grow by accessing new markets across the globe. Its aim is to broaden Scotland's international appeal as a first choice source of knowledge and to assist the growth of the Scottish economy, by encouraging inward investment and helping Scottish-based companies develop international trade. It therefore provides support to international companies based in Scotland through its inward investor support activities and also helps Scottish companies to do business internationally. SDI aims to:

- attract direct foreign investment, concentrating on research, design and development projects with high knowledge content;
- enhance the internationalisation capabilities of companies through the International Strategy Development;
- create partnership investments between Scottish and foreign companies and organisations to open new channels to markets, investments, technologies and products;
- increase trade growth by encouraging the expansion of Scotland's portfolio for first-class exported goods and services to new markets; and
- help strike licensing deals between Scottish and overseas companies and universities.

- 2.55 SDI helps Scotland-based companies develop their international trade, offering a range of services to assist businesses who are entering foreign markets for the first time or

expanding their overseas operations. To help businesses grow, it offers a range of support programmes to match business needs. This includes: providing an overview of international business; developing international strategies; understanding new international markets; developing skills for international business; exploring new markets; setting up operations in new markets; and international business opportunities.

- 2.56 The overseas business services and support that SDI offers is wide ranging. Its professional advisors offer assistance on a wide variety of issues that companies may face in the international business market. These include: financial assistance packages; locations; opportunities; recruitment and training; international business mentoring; overseas market support; and international strategy development. SDI also offers other international business services that can help companies succeed, such as: the brokering of licensing deals with top universities and other companies; bespoke solutions tailored to the exact requirements of a business; promoting Scotland as a dynamic economy on the international stage, in order to help companies succeed in the global marketplace; and a full aftercare programme to help companies to continue to prosper, grow and take advantage of new opportunities as they arise. <http://www.sdi.co.uk>

Scottish Manufacturing Advisory Service

- 2.57 The Scottish Manufacturing Advisory Service (SMAS), delivered by SE, specialises in providing manufacturing firms of all sizes throughout Scotland with expert advice, one-to-one support, training and events. SMAS was established in 2005 to provide direct and practical support to help Scotland's SME manufacturers compete world-wide. It provides expert advice and one-to-one support, as well as training to help manufacturers improve productivity and generate cost savings. Scottish Enterprise is investing an additional £3 million over three years in this service to support a doubling of the number of company reviews carried out, and SMAS consequently expanded its workforce in November 2009 with the appointment of 10 highly experienced industry professionals, as well as introducing a number of new services.
- 2.58 The 10 manufacturing experts who have been appointed have skills across a wide range of sectors including life-sciences, aeronautical, engineering and food and drink. As well as expanding its in-house team, SMAS has introduced a new brokerage resource, utilising third party specialists and associates across Scotland to work alongside the core SMAS team. This service not only provides increased specialist expertise, but builds in a much greater resource and flexibility to respond to peaks and troughs in customer demand. It aims to deliver 70 per cent of all improvement projects through its in-house team, with the balance delivered by specialist brokers. Its extended service includes providing expertise in lean supply chain management, lean procurement and sourcing of materials, and manufacturing leadership and strategy.
- 2.59 The SMAS can provide companies with a manufacturing review which is free of charge. The review provides a company with qualified, impartial and objective feedback on the current state and potential opportunities within its business, and reports highlight progress, opportunities and proposed action plans. The review can cover manufacturing strategy; customer value; planning; workplace organisation; plant and machinery; performance; quality; continuous improvement activity; and people. It also involves a three point process between shop floor people, line observations and management feedback.

http://www.scottish-enterprise.com/sedotcom_home/your-sector/manufacturing.htm

Skills Development Scotland

- 2.60 Skills Development Scotland (SDS) is Scotland's skills body, formed in 2008 to bring together Careers Scotland, the Scottish University for Industry, and skills-related programmes that were previously delivered by SE and HIE.
<http://www.skillsdevelopmentscotland.co.uk>
- 2.61 SDS has almost 1,400 employees working across Scotland, with offices (some of which may also be Careers Scotland centres) in Aviemore, Inverness, Forres, Elgin, Inverurie, Aberdeen, Arbroath, Dundee and Perth.
- 2.62 SDS delivers careers, skills, training and funding advice. It provides comprehensive information, advice and guidance for careers and learning as well as extensive support for skills development. It provides support for individuals of all ages to help them discover their skills and develop their careers; and works with employers to help them to maximise the skills of their employees to help sustain their business.
- 2.63 SDS works closely with employers in a wide range of business sectors to help build up a highly-skilled and motivated workforce in their companies. It provides a number of initiatives to ensure that employees have the right knowledge and experience. For new, inexperienced staff – particularly young workers – there are programmes such as Skillseekers and Modern Apprenticeships that businesses can access to help train workers to nationally-recognised standards.
- 2.64 SDS services span advice; funding; and skills and training.

Advice

- 2.65 SDS delivers advice through:
- **Careers Scotland**, which provides career guidance and employability services to people of all ages throughout Scotland. It is free, impartial, confidential and geared to the individual's specific needs. As well as working with individuals, Careers Scotland works in partnership with business, supporting the development of more employable and enterprising workers. <http://www.careers-scotland.org.uk>
 - **learndirect scotland**, which encourages individuals to develop new skills and gain confidence. Individuals can choose from thousands of courses across Scotland and get advice on funding. There are a range of options for accessing learning, including: a local learning centre; college; university; learndirect scotland branded learning centres; in the workplace; at home; or online.

Learndirect scotland branded learning centres are located in: *Aviemore, Kingussie, Grantown-on-Spey, Aberlour, Forres, Elgin, Inverness, Kirriemuir, Brechin, Huntly, and Inverurie*

<http://www.learndirectscotland.com>

- **learndirect scotland for business**, which provides free training advice and support to small businesses to enable them to boost staff performance, business productivity and competitiveness (see below for further details).
- **Redundancy** support. For individuals or businesses facing redundancy issues, support is available through Partnership Action for Continuing Employment (see the Economic Recovery section below for further details).

Funding

- 2.66 Funding is delivered by SDS through **ILA Scotland**, which is a Scottish Government scheme that helps individuals pay for learning. The scheme is for people who have an income of £22,000 a year or less or who are on benefits. Individuals aged 16 or over and living in Scotland can receive up to £500 towards the cost of learning with a learner account from ILA Scotland. <http://www.ilascotland.org.uk>

Skills and Training

- 2.67 SDS delivers a number of skills and training programmes including: Modern Apprenticeships; Skillseekers; Get Ready for Work; and Training for Work.
- 2.68 **Get Ready for Work** is a national training programme that helps young people aged 16-19 to focus on what they want to do; and then move into a job, further training or a college course. **Training for Work** offers training support, including vocational training for people aged 18 or over who are unemployed and actively looking for work.
- 2.69 **Skillseekers** is a vocational training programme for young people aged 16-19, who aren't at school or in further or higher education. It helps them to train to nationally-recognised standards at SVQ level 2 or level 3. A business will benefit by the young person receiving training that meets the company's needs
- 2.70 **Modern Apprenticeships** are aimed at young people aged 16 or over who are capable of achieving a vocational qualification (VQ) at Level 2 or above. This programme can be used to train existing employees or new employees.
- 2.71 Through both Skillseekers and Modern Apprenticeship, employers receive a direct contribution towards the costs of training. Locally-based Skills Investment Advisers are able to give advice on how Skillseekers and Modern Apprenticeships could benefit businesses.

Learndirect Scotland for Business

- 2.72 Learndirect Scotland for Business aims to provide businesses with support to develop their employees' skills and identify and source training requirements. It provides free training advice and support to small businesses to enable them to boost staff performance, business productivity and competitiveness.
- 2.73 A variety of resources are offered to help a company set up, implement and sustain its training plan. This includes an online facility which provides access to a wide range of free resources, including information on: management, performance and personal

development; sales and marketing; training, coaching and mentoring; finance; and legislation, recruitment and employment. This includes fact sheets and training workbooks.

- 2.74 There are five different training workbooks available to access online, each dealing with a different key area of staff training. The workbooks focus on the following:
- How do you decide what development you and your people need?
 - How do you plan and deliver the development that your people and your business needs?
 - How do you measure the benefits of training and development?
 - How do you manage performance?
 - How do you create and recognise competence and capability in your business?
- 2.75 Learndirect Scotland for Business also helps businesses to source training programmes through access to a database of courses and free online resources. The database contains more than 18,000 courses provided by private training providers, branded learning centres, colleges and universities – including part-time and full-time courses; short courses; and studying via distance or online learning. <http://www.lds4b.com>

SDS Employer-related Goals and Strategies

- 2.76 The first SDS Corporate Plan, which covers the years 2009/10 - 2011/12, set out its goals and key strategies. One goal is to “make skills work for employers”, and SDS identified three key strategies for working towards this goal: to create new frameworks to develop skills for the 21st century; prioritise skills development in the GES key sectors; and optimise how skills are used in the workplace.
- 2.77 As part of its strategy to **create new frameworks to develop skills for the 21st century**, SDS will develop a Skills Gateways service which will enable it to create a partnership with Sector Skills Councils and GES key sector employers, including SMEs, to elicit industry needs for skills, and inform and shape publicly funded programmes of skills and learning development. The approach will help SDS to scope out and develop a new skills and learning system that is more demand-led, which may include developing sector-specific qualifications and access to more bite-sized chunks of learning. As part of this, SDS will deliver:
- Simplified, more streamlined and easier understood learning systems and landscape to ensure sector-specific solutions are developed.
 - Tailored skills and learning support for employers in key sectors.
 - More flexible, transferable and portable, industry-recognised qualifications.
 - An evidence-based approach to customising skills and learning programmes to meet current and future employer demands for skills.
 - A refreshed approach to Modern Apprenticeships, building stronger links with further and higher education providers.
- 2.78 It will develop a **Scottish Employer Service (SES)**, involving a direct relationship between SDS and employers, which will encourage employers to tell SDS what their businesses need. SDS aims to roll out the SES by summer 2010, and this will provide a

single contact point for employers (from both the public and private sector) seeking to improve skills utilisation, by raising the uptakes of skills and learning within the workforce. While SES is for all the employees of key employers, it will include administering targeted financial support packages towards training and development for young people and unemployed adults, including building the number of Modern Apprenticeships. It will also engage employers in the leadership and delivery of “Skills for Scotland: A Lifelong Skills Strategy”, focusing on the returns to business and improving the business bottom line by investing in the skills of their current and future workforce.

2.79 SES will be delivered by account management teams that will advise on employee skills development and investment. As there are a number of public bodies in Scotland offering an account management service, it will work closely with Jobcentre Plus, the Business Gateway, HIE and SE to ensure synergy and avoid duplication. As part of the service, SDS will deliver:

- A co-ordinated approach to account management services between public sector bodies.
- Better opportunities for employers to articulate their skills and learning needs.
- More informed opportunities for SDS and its partners to respond to need.
- A range of generic and bespoke skills interventions for employers, including access to targeted funding, Skills for Growth (a new skills development service that SDS aims to make available by Autumn 2010) and Modern Apprenticeships.
- More opportunities to learn for those in work.
- Improved relevance in the learning opportunities for the future workforce.
- Improved ownership by employers of the wider skills and employability issues in Scotland.

2.80 The SDS strategy to **prioritise skills development in the GES key sectors** will involve an integrated approach to relationships and information exchange between SDS and the key GES sectors (creative industries; financial & business services; energy; food & drink; tourism; life sciences; and universities). SDS will work with the GES key sectors, industry advisory groups, Sector Skills Councils and the enterprise networks to quantify the skills needs of the GES sectors; help promote career opportunities; develop new connections between businesses and education; and attract future labour supply. SDS will also work with Scotland’s universities and the Scottish Funding Council. Support teams will be located geographically, close to where the key sectors have the most significant footprint. SDS’s GES key sector work will include:

- Integration of skills, labour market information and business development within the sectors of most significance to Scotland’s future prosperity.
- A better understanding of the skills needs in each GES sector.
- Customised labour market information for customers, e.g. building on sector-specific campaigns such as “The Path is Green” with Scottish Renewables, which is designed to inform and attract future labour supply.
- Science, Technology, Engineering and Maths (STEM) promotion and development of “The Path is Science, Engineering and Technology”.
- Sector-specific Modern Apprenticeships, designed around employer demand.
- An influencing role through sector-specific short-life working groups.

- A lead role in key objectives of the financial gateway initiative, to improve understanding of career pathways and attract new people.
- Greater responsiveness to increased industry demand arising from reductions in migrant labour and other changes in the labour force supply.
- Further opportunities for individuals for easier movement between occupational sectors.

2.81 The SDS strategy to **optimise how skills are used in the workplace** relates to utilising and maximising existing and future investment in skills. SDS and SE have been tasked with jointly leading a research programme that will examine how to optimise skills in the workplace, identify good practice and make recommendations for further action. SDS's approach to skills utilisation is a dual role; improving how skills are gained, in order that application is natural, easier and more explicit and by building capacity in employers to instigate workplace change that leads to more conducive application of skills. As part of this, SDS will deliver:

- Awareness raising on how more effective use of skills in the workplace can have wide ranging benefits for business, employees and the Scottish economy.
- The opportunity to rethink current workforce development approaches and develop a new workforce development system with Scottish businesses and learning providers.
- Research to better understand the systemic issues which lie behind Scotland's skills performance and current workforce development practices.
- Innovation in brokering new intermediary relationships between employers and employees; and between workplace peers, including through the trade union's Scottish Union Learning Fund (SULF); and between employers, employees and training providers.
- Business improvements through more effective up-skilling and re-skilling; better recruitment, retention and progression.
- Better sector-specific learning information to support wider career development and progression opportunities for those in work.
- A clear connection between delivering SDS strategies on equipping individuals with Career Management Skills and creating new levels of connectivity between learning and jobs.

2.82 Since this section was revised and updated, the SDS website has been refreshed to make it easier to find information on the organisation and what it does. This includes separate sections for employers, individuals and learning providers, which provide relevant information on what help is available for these respective groups. It has brought all the key information on its services into once place (although websites for learndirect scotland, Careers Scotland and ILA Scotland will continue to operate as normal for the time being); and has also introduced new areas such as "Knowledge", which provides a comprehensive database of labour market information, as well as providing links to useful tools. Information about SDS's services for employers can be accessed through the following web link:

<http://www.skillsdevelopmentscotland.co.uk/our-services/services-for-employers>

Economic Recovery

- 2.83 ScotAction is the Scottish Government's skills support package, launched in June 2009, for leading Scotland out of recession and on to economic growth. It is an integrated package combining new and improved measures to help individuals and businesses through the recession and provides skills assistance – including wage subsidies in some circumstances - for Training for Work, Training in Work and training From Work to Work to help Scottish people and businesses survive the downturn and thrive when the economy starts to recover.
<http://www.skillsdevelopmentscotland.co.uk/scotaction.aspx>
<http://www.scotland.gov.uk/Topics/Education/skills-strategy/ScotAction>
- 2.84 SDS plays a leading role in taking forward ScotAction's Recruitment, Training and Redundancy initiatives.
- 2.85 In terms of Recruitment initiatives, SDS is involved in **Adopt an Apprentice** – this scheme was launched in June 2009 and will help deliver the Scottish Government's guarantee to redundant apprentices to find them alternative employment so that they can complete their Modern Apprenticeship. The scheme gives employers a £2,000 lump sum payment towards the wage costs of taking on a redundant apprentice for at least 12 months. It is open to companies of all sizes and across all sectors. Adopt an Apprentice is a £1.7 million initiative supported by the ESF. It commenced in November 2009 and will operate until March 2011.
- 2.86 In respect of Redundancy initiatives, SDS operates **Safeguard an Apprentice** - this scheme offers employers £75 per week wage subsidies to retain their current MA apprentices where the company is experiencing difficulties as a result of the economic downturn. The scheme is targeted at SMEs and is open to companies in the manufacturing, engineering and construction sectors. The scheme is currently available up until June 2010.
- 2.87 SDS leads on the Scottish Government Initiative **Partnership Action for Continuing Employment** (PACE), a national strategic framework that facilitates a consistent partnership approach for responding to redundancy. PACE aims to minimise the time people affected by redundancy are out of work through providing skills development and employability support. SDS co-ordinates PACE at a national level and facilitates local level response teams in conjunction with other key partners, including Jobcentre Plus, to provide tailored help and support for those facing redundancy. PACE can help businesses by:
- Identifying alternatives to redundancy;
 - Maintaining and improving industrial relations;
 - Accessing local support services;
 - Securing positive media coverage; and
 - Supporting employees with tailored programmes to help them access jobs and training.
- 2.88 The response to each redundancy situation is tailored to meet individual needs and local circumstances. Generally the services offered include: full Jobcentre Plus services; one-to-one counselling and advice on career development and opportunities; access to high

quality training; seminars on skills such as CV-writing and starting up a business (including franchising); and access to IT facilities.

- 2.89 In addition, SDS is also involved in economic recovery support through trialling new connections between learning and work, in partnership with Jobcentre Plus, as a prototype of the emerging Integrated Employment and Skills service (IES). Skills for Scotland, the Scottish Government's Skills Strategy, contains an explicit commitment to encourage the integration of employment and skills services with a view to promoting sustained employment and in-work progression for individuals. This objective focuses on improving and making the service more responsive to: individuals seeking employment, ensuring that they have access to the most effective range of services possible, irrespective of which service they first engage with; and employers looking for new staff or advice, guidance and support on up-skilling and re-skilling of existing staff. This requires close working with Jobcentre Plus and the Department for Work and Pensions, given the reserved nature of employment-based services and the devolved nature of skills delivery.
- 2.90 Local PACE contacts are located in SDS and/or Careers Scotland centres in Inverness (for Badenoch & Strathspey), Elgin (for Moray), Aberdeen (for Grampian) and Perth (for Tayside).
- 2.91 In autumn 2009, the Scottish Government announced a number of “**Invest in an Apprentice**” schemes. One of these schemes relates to small and medium size businesses in the manufacturing, textiles, food and drink and energy sectors, who will be given a £2,000 financial incentive to take on a new 16-19 year old apprentice. Another scheme offers small businesses access to £2,000 to recruit a Management Apprentice; it is open to businesses that take on a new or existing member of staff as a Management Apprentice. Both funds are supported by the ESF.

VisitScotland

- 2.92 VisitScotland operates a **Growth Fund** which is part funded by the European Union and is open to national, regional and local groups to help them reach new target markets and increase visitor numbers. The organisation has local offices in Inverness (for the Highlands and Islands), Aberdeen (for Aberdeen and Aberdeenshire) and Perth (for Tayside). <http://www.visitscotland.org/default.aspx?page=74>
- 2.93 The main elements of the scheme include:
- 50% funding contribution, with awards ranging from £3,125 to £65,000.
 - Up to 15% towards project management fees.
 - Project period of up to 12 months.
 - Support for new or additional marketing activity.
 - A dedicated Growth Fund advisor who will provide support and guidance throughout the marketing project.
 - Access to industry research, statistics and expertise.
- 2.94 Projects that may be eligible for funding include:

- Design and development of a website (up to a maximum of 50% of total project cost).
- Promotion of websites by e-marketing, online advertising and search engine optimisation.
- Purchase of VisitScotland products and services (first time purchases only, up to a maximum of 25% of total project cost).
- Media advertising.
- Trade events and exhibition attendance.
- Direct mail campaigns.
- Monitoring and evaluation of the project.
- Project management/consultancy costs to deliver marketing activities (up to a maximum of 10% of total project cost).
- Consumer research projects.

Cairngorms National Park Authority

Training Courses

- 2.95 In addition to its participation in the delivery of various aspects of the SRDP, the CNPA is involved in a number of projects which provide training for people who live, work and are interested in the CNP. This includes **Cairngorms Connections**, a free online training course designed to help tourism businesses improve the service they provide to visitors in the Park. The course provides tourism businesses and visitor centres with information on the Park and its many attractions. As part of the course, users are given a series of scenarios where they must provide a suitable itinerary according to a visiting group's requirements and preferences. The course is designed both to improve customer relations and to help businesses improve their knowledge and understanding of the Park. The project is unique to the Park and is run by Tourist Board Training and the CNPA, with funding from the European Social Fund (ESF)
- 2.96 The CNPA also delivers the **Cairngorms Awareness and Pride project (CAP)**, which offers public benefit courses to all people living and working in the Park. It aims to give Park residents an awareness of the aims of the Park and the priorities set out in the CNP Plan. Ultimately, if the residents of the Park are well informed about various aspects of the Park, its aims, the Park Plan, the Park's biodiversity, and its cultural and natural heritage, they are well placed to pass this information on to visitors to the region, thereby enhancing the visitor's experience of the Cairngorms National Park. The project was expected to deliver at least 20 courses to Park residents in both 2009 and 2010. The project is funded by LEADER and the CNPA.
- 2.97 The **Land Based Business Training** project, also provided by the CNPA, aims to improve the performance and competitiveness of land based businesses in the Park, through establishing a more highly trained, flexible and efficient workforce. It also aims, through fully-funded public benefit training courses, to give land managers the skills to contribute to the delivery of the Park aims. The project includes providing funding for training; helping to identify training needs; finding trainers and courses to meet those needs; finding others interested in the same training to make up course numbers; and influencing course dates and venues to suit the location and time commitments unique to land based businesses. Training can cover a wide range of activities in a variety of

categories, including: the use and maintenance of machinery/vehicles/equipment; management development and business skills; health and safety; customer care; IT; technical training and environmental courses. In addition, full funding is provided for courses that focus on public benefits, e.g. Access legislation; catering for the less able visitor; basic path maintenance; the significance of the Park's biodiversity etc. This project is part funded by CNPA and the ESF.

<http://www.cairngorms.co.uk/cnpaservices/training>

Woodfuel in the Cairngorms

- 2.98 This is a joint venture between CNPA and Clim-Atic, an EU-funded project to help rural communities adapt to climate change. A new website, www.low-carboncairngorms.org, has been set up to highlight ways in which the Park's natural wood resource can be harnessed more effectively. A series of free events throughout the Park will help people learn more about the options available to them.

Community Energy Scotland

- 2.99 Community Energy Scotland (CES), formerly Highlands and Islands Community Energy Company, is an independent Scottish Charity set up to support communities throughout Scotland to develop sustainable energy projects. It receives funding from both the Scottish Government and HIE for its work.
- 2.100 CES aims to build confidence, resilience and wealth at community level in Scotland through sustainable energy development. For example, installing micro-generation technologies into community halls and other facilities can help reduce running costs. Larger-scale technologies (e.g. community-owned wind farms or hydro projects) can generate significant income for communities. CES actively supports and funds community groups throughout Scotland to develop sustainable energy projects, providing free advice, grant funding and finance for renewable energy projects developed by community groups to benefit their community. This extends to non-profit distributing organisations such as social enterprises and housing associations. Grant funding includes the management and delivery of the Scottish Government's Communities and Renewable Energy Scheme (CARES), formerly the Scottish Community and Householder Renewables Initiative (SCHRI).
- 2.101 CES provides advice, support and funding to community groups throughout Scotland. Organisations eligible for funding include: voluntary organisations; community and development trusts; charities; community companies limited by guarantee; social enterprises; social firms; and community interest companies. The main CES office is in Dingwall, with staff located throughout Scotland. A Development Officer responsible for the East Highland area (including Badenoch & Strathspey and Moray) is based in Dingwall; and the officer for North East Scotland (including Aberdeen, Angus and Dundee) is based in Ellon. There is also an officer based in Perth who covers Central Scotland.

Communities and Renewable Energy Scheme

- 2.102 On behalf of the Scottish Government, CES is delivering **CARES** across the whole of Scotland for three years from May 2009. This scheme is a rebranding of the previous

SCHRI programme, the community stream of which was also managed by CES. CARES continues the support that was available for communities under the SCHRI and builds on it by increasing the maximum grant level by 50%, now offering capital grants up to a maximum of £150,000.

- 2.103 CARES is open to any non-profit distributing community organisation and can provide funding for technical support, relevant training and the installation of renewable energy equipment. The scheme offers grants to a range of community organisations to help with the installation of a variety of renewable energy technologies. Communities may apply for funding for technical assistance and capital grants for renewable energy equipment installation and associated costs. Under CARES there is no set grant funding. The amount of funding awarded is determined on a case by case basis. Technical assistance is available to support non-capital projects, such as feasibility or scoping studies and capacity building within a community, with a maximum grant of £15,000.
- 2.104 **Capital grants** contributing to the capital costs of a project are available up to a maximum grant of £150,000. Funding is available for: the capital costs of installing renewable energy generation plant; capital costs for supporting infrastructure, such as roads; project management costs associated with the development and installation of generating equipment; the costs of the community establishing a partnership with a third party such as a developer, or setting up a new company or purchasing an equity share in an existing company; the costs of implementing regulatory or fiscal regulations designed to encourage renewable energy generation or use. These may include metering equipment, licences or costs of accessing Renewable Obligation Certificates. Applicants must be based in Scotland, legally constituted and non-profit distributing community groups.

<http://www.communityenergyscotland.org.uk/cares.asp>

Income-generating Projects

- 2.105 As well as funding microgeneration and efficiency projects, CES can provide funding and technical support to communities developing income-generating projects, e.g. small community windfarms or hydro schemes. Grants are also available for community groups to enable them to become constituted and to obtain technical expertise on the best options and locations for their community energy projects.

<http://www.communityenergyscotland.org.uk/grant-funding.asp>

Community Renewable Energy Toolkit

- 2.106 On behalf of the Scottish Government, CES has also produced a Community Renewable Energy Toolkit to help community groups develop their own renewable energy project, guide them through the process and find ways to maximise community benefits from their involvement in renewable energy. The toolkit is designed to help communities work through the various options available to them in developing their project; and once they have decided on which technology is most suitable for their project, it points the user in the direction of further help and information to take their project forward. The toolkit covers: renewable energy basics; energy efficient buildings; renewable energy technologies; off-grid solutions; generating and selling electricity (community ownership); securing community benefit from commercial renewable energy

developments; organisation, consultation and development planning; funding and finance; further reading; and case studies.

<http://www.communityenergyscotland.org.uk/community-renewable-energy-toolkit.asp>

Lottery Funding

Awards for All Scotland

- 2.107 Awards for All in Scotland is a National Lottery small grants scheme, which is operated as a joint scheme between three of the Lottery distributors: Scottish Arts Council, Big Lottery Fund and **sportscotland**. The fund aims to help people become actively involved in projects that bring about change in their local communities.
- 2.108 The scheme makes awards of between £500 and £10,000 to grass-roots groups in the community and voluntary sector, health bodies, schools and statutory bodies. It provides funding to a wide range of projects and activities, such as supporting people to take part in art, sport or community activities; as well as for projects that promote education, the environment and health in the local community. It funds projects that will meet one or more of the following outcomes for Scotland:
- People have better chances in life.
 - Communities are safer, stronger and more able to work together to tackle inequalities.
 - People have better and more sustainable services and environments.
 - People and communities are healthier.
- 2.109 In addition to considering how well a project meets the Fund's outcomes, Awards for All Scotland also places priority on projects targeted at the people, communities and areas that it particularly wants to support. Although it is not necessary for a proposed project to meet any of the priorities, it may make the application stronger. Priorities for funding include: black and minority ethnic people (including refugees, asylum seekers and new migrants); disabled people and their carers; lesbian, gay, bisexual and transgender people; older people and their carers; areas that are in the 15% most deprived data zones identified through the Scottish Index of Multiple Deprivation; and small towns (with a population between 3,000 and 10,000). In addition, based on an analysis of where funding has gone to date, Awards for All Scotland would like to see specific geographic areas access more funding. These are different for each of the three lottery distributors, but include Aberdeenshire under the Big Lottery Fund and Angus under **sportscotland**.
- 2.110 Grants may be awarded to support projects in a number of ways, such as the hire or purchase of equipment; feasibility studies for community building projects; improvements or additions to playing facilities; IT equipment; building, refurbishment, landscaping or property projects costing £75,000 or less; project materials; publicity materials; sessional workers; start up costs; team clothing or kit; training; transport costs; updating equipment for health and safety; venue hire; volunteer expenses; and VAT that cannot be recovered. <http://www.awardsforall.org.uk/scotland/>
- 2.111 Since April 2009, Heritage Lottery Fund (HLF) has not been a partner in Awards for All.

Heritage Lottery Fund

- 2.112 Using money raised through the National Lottery, the Heritage Lottery Fund (HLF) gives grants to projects that sustain and transform a wide range of heritage (from museums, parks and historic places to archaeology, the natural environment and cultural traditions) for present and future generations to take part in, learn from and enjoy.
- 2.113 The HLF sustains and transforms a wide range of heritage through innovative investment in projects with a lasting impact on people and places. As the largest dedicated funder of the UK's heritage, with around £180 million a year to invest in new projects and a considerable body of knowledge and evaluation over 15 years, it is also a leading advocate for the value of heritage to modern life. It is a non-departmental public body accountable to Parliament via the Department of Culture, Media and Sport. The HLF operates a number of grant programmes which award grants of £3,000 and over. Specific grant programmes of relevance include Your Heritage, Heritage Grants and Young Roots.
- 2.114 The **Your Heritage** programme is HLF's general small grants programme for all types of heritage projects. It is a flexible programme particularly designed for voluntary and community groups and first-time applicants. The programme offers grants between £3,000 and £50,000 for projects that relate to the local, regional or national heritage of the UK. HLF welcomes applications that help people to learn about, look after and celebrate heritage in a fun and enjoyable way. The programme has three aims, which relate to learning, conservation and participation. To receive a grant the project must help people to learn about their own and other people's heritage. The project must also conserve the UK's diverse heritage for present and future generations to experience and enjoy and/or help more people, and a wider range of people, to take an active part in and make decisions about heritage.
<http://www.hlf.org.uk/HowToApply/programmes/Pages/yourheritage.aspx>
- 2.115 **Heritage Grants** is HLF's main grants programme offering grants of more than £50,000 for projects that relate to the national, regional or local heritage of the UK. It is open to all not-for profit organisations. To receive a grant a project must help people to learn about their own and other people's heritage. The project must also conserve the UK's diverse heritage for present and future generations to experience and enjoy and/or help more people, and a wider range of people, to take an active part in and make decisions about heritage.
<http://www.hlf.org.uk/HowToApply/programmes/Pages/heritagegrants.aspx>
- 2.116 The **Young Roots** programme is designed for projects led by young people. It awards grants between £3,000 and £25,000 which are designed to engage young people aged 13-25 with their heritage. Young Roots projects stem directly from the interest and ideas of young people, who are supported by youth and heritage organisations to develop skills, build confidence and connect with their local communities.
- 2.117 To receive a Young Roots grant, a project must relate to the varied heritage of the UK and:

- provide new opportunities for a wider range of young people aged 13 to 25 to learn about their own and others' heritage;
- allow young people to lead and take part in creative and engaging activities;
- develop partnerships between youth organisations and heritage organisations; and
- create opportunities to celebrate young people's achievements in the project and share their learning with the wider community.

2.118 The project must also create new opportunities for young people to either volunteer in heritage or gain skills in identifying, recording, interpreting or caring for heritage.
<http://www.hlf.org.uk/HowToApply/programmes/Pages/youngroots.aspx>

The Big Lottery Fund

2.119 BIG Scotland is currently developing new programmes that will launch in the summer of 2010 and replace the Investing in Communities programme which is now closed. This programme, which included Growing Community Assets, had provided substantial support for a range of community projects. Meantime, **Investing in Ideas**, which was a £4.6 million fund providing grants of £500-£10,000 to help communities develop project ideas that might then be taken forward as full-scale Investing in Communities projects, remains open for applications until 30 June 2010. New Investing in Ideas application form and guidance material will be available from 12 July.
<http://www2.biglotteryfund.org.uk/Scotland>

Cairngorms Business Partnership

2.120 Over the years a range of membership-based and business-related organisations have been operated within the CNP, ranging from general business interests to groups of businesses with a specific area or sector focus. Examples include:

- **The Cairngorms Chamber of Commerce** – which serves as a voice for businesses within the whole of the CNP and adjacent areas. Members benefit from: lobbying and representation; business information; training and staff development; business events; networking and marketing opportunities; news via email newsletters; affiliated membership of Aberdeen and Grampian Chamber of Commerce; and a website members-only area which provides access to general business information, business start up and grant information, discussion forum, events diary etc.
<http://www.aviemore.co.uk>

- **Aviemore and the Cairngorms Destination Management Ltd (ACDM)** – a not for profit private sector led destination management organisation (DMO) in the Badenoch and Strathspey area. For businesses, it aims to undertake marketing activities that will encourage increased visits and generate revenue for its members; and to work with businesses to enhance the customer experience so increasing the likelihood of return visits to the area. For communities, it aims to work with and support the communities and local organisations in developing the area as a destination.

- **Royal Deeside and the Cairngorms** – also a fully constituted DMO, which aims to promote Royal Deeside, Donside and the Eastern half of the CNP as a tourism

destination. It was set up in 2005, with the aim of fulfilling a number of objectives, including to: grow tourism in Royal Deeside and the Cairngorms in ways that are economically, environmentally and socially sustainable and generate the greatest possible benefits to local communities and local businesses; provide effective training and development within Royal Deeside and the Cairngorms; and represent the views and priorities of local tourism businesses to external agencies.

<http://www.discoverroyaldeeside.com/>

- **Glenlivet and the Cairngorms** – which focuses on promoting and marketing the Tomintoul and Moray area of the CNP.
<http://www.highland-holidays-scotland.co.uk/>
- **Cairngorms Hostels** – comprises a range of SYHA and independent privately-owned hostels, lodges and bunkhouses operating in the CNP; it promotes hostel-related accommodation in the area.
<http://www.cairngormshostels.co.uk/>
- **Creative Cairngorms** – an association of artists, craft workers and galleries in the CNP. It aims to raise public awareness of the importance of creative arts and crafts, within the culture and environment of the CNP; and encourages and supports activities which promote creative links within and between communities within the Park.
<http://www.creativecairngorms.co.uk/>

2.121 Given the range of business and interest-based organisations operating in the CNP, there has been some duplication of effort across a number of activities. Further, small local businesses may be members of several different bodies which may offer similar services to some extent. As a consequence, during 2008 and 2009, the different private sector-led organisations operating in the CNP discussed and developed a plan to establish a Cairngorms Business Partnership (CBP) which would provide a more efficient and effective way of working together; this project was led by the Cairngorms Chamber of Commerce. Local public sector agencies were also consulted and made aware of the proposed development. The group also consulted relevant bodies in the Blair Atholl area, given the current proposal by Scottish Ministers to extend the boundary of the CNP into Perth and Kinross.

2.122 As a result of these developments, the CBP has now been established as a not for profit private sector led organisation operating in the CNP. It was formally launched on 20th April 2010 and brings together businesses throughout the Cairngorms National Park to help the area compete with other international tourism destinations. The new collaboration, which launched with 300 members, gives a stronger and more equal voice to the wide range of businesses in the National Park. It also allows these businesses to be a member of one single organisation that is working for the good of not only each business member, but also the public profile of the Cairngorms National Park.

2.123 The CBP is also responsible for managing a website (formerly operated by the ACDM) that promotes the CNP and provides information about the Partnership. The role of the website is to build awareness of the area and its wide product offering, and to connect the customer with local businesses (e.g. accommodation providers, restaurants, retailers, activities and attractions etc) as quickly as possible. <http://visitcairngorms.com>

2.124 Successful business development, along with successful destinations across the world, is led by strong private sector groups based on collaboration and partnership working. The CBP is therefore looking to work with businesses right across the CNP in all sectors in order to bring a cohesive and strong business voice for the area. Its overall aim is to help businesses and strengthen their sectors through increased demand and making the area a more sustainable place to work. A joined up private sector approach is also the most effective way of working with public sector partners. Specific aims of the CBP are to:

- Help create demand for products and services
 - market and promote the area as a place to visit and do business;
 - channel visitor enquiries to the appropriate business; and
 - support events and community initiatives wherever possible.
- Enhance the customer experience and help build business capacity
 - champion customer service initiatives;
 - assist with product development initiatives; and
 - deliver business development programmes.
- Advocacy
 - represent the interests of businesses within the CNP; and
 - assist businesses across all sectors operating within the CNP.

2.125 To date, the Cairngorms Business Partnership has brought together the Cairngorms Chamber of Commerce, the ACDM (both of which will formally merge into the CBP during 2010 and will no longer operate as separate entities) and Cairngorms Hostels in order to give private sector businesses access to the combined expertise and services of all these organisations. In addition the CBP is working closely with Glenlivet & the Cairngorms, Ballater Business Association, Cairngorms Farmers Market, Creative Cairngorms and the CNPA to ensure businesses throughout the Park can benefit from the new Partnership.

2.126 One main advantage for businesses of the new Partnership is that it minimises the existing duplication of being a member of several organisations, which in turn has a positive impact on the cost of services provided by the various private sector membership organisations in the Park. Businesses are able to reap the benefits of Chamber of Commerce membership as well as Destination Management Organisations without paying the double fee.

2.127 The benefits for members of CBP include:

- Saving money with member benefits.
- Being part of a fully searchable no commission area website portal.
- Getting a share of visitor click-throughs to the member's business website each month.
- Being part of the visitor enquiries forwarding service from the CBP office.
- Being part of local marketing and PR campaigns that suit the individual's business.
- Being part of CBP businesses surveys and customer feedback programmes.

- Receiving advertising discounts in What's On and Park-i.
- Being part of a Park wide business movement that will set the business agenda and provide the business voice for the Cairngorms National Park, speaking and acting on behalf of its members.
- Maximising the business and marketing benefits of National Park status for both tourism and non-tourism related businesses.
- Making new business contacts, stay informed and be connected.
- "Single voice" advocacy on businesses' behalf.
- Opportunity to access preferential Chamber of Commerce benefits.
- Regular newsletters and business updates.

2.128 An interim board has been established to oversee the CBP 2010 operational plan. The interim board will also be charged with developing the longer term ambitions and constitution of the Partnership. The board comprises representatives from: Cairngorms Chamber of Commerce, ACDM, Tomintoul & Glenlivet Highland Holidays, Cairngorms Hostels, Cairngorms Farmers Market, Creative Cairngorms and the Angus Glens.

Funding for Voluntary Community Groups

2.129 A wide range of support is available for social enterprise development projects in addition to assistance highlighted above from the Scottish Government, Community Energy Scotland and Awards For All. Sources include: the Co-Operative Community Fund, the Scottish Community Foundation, the Robertson Trust and a large number of funds whose criteria favour particular types of project and target group. Charitable status is often a requirement for eligibility for trust funds.

2.130 LEADER staff are currently entering match-funding sources onto the LAG's website as requested by SCVO.

2.131 **Rural Direct** is a national service delivered locally by the SCVO which is designed to help rural community organisations to access funding from a range of sources, including the SRDP. It can help communities identify potential sources of funding for their projects (e.g. refurbishing a village hall, developing new local amenities and services, or working out a long term plan for a community's future development).

2.132 Rural Direct doesn't apply for funding on behalf of a community, but it will do everything it can to make sure a community makes the best possible funding applications to the appropriate funders. Rural Direct works closely with LEADER LAGs and RPAC Case Officers and liaises with local Councils for Voluntary Service to promote the service and highlight funding opportunities through events, roadshows and briefings.

2.133 Rural Direct can provide support in person, by phone or by email for groups who request help in identifying appropriate funding, developing applications and building local development strategies. For applicants to the SRDP Rural Priorities scheme, they can assist with the early stages of getting a Business Reference Number, and also with the online application process. Rural Direct have staff that cover Highland and Outer Hebrides, and Grampian, Moray and Tayside.

<http://www.ruralgateway.org.uk>
<http://www.ruraldirect.org.uk/>

European Structural Funds

General Background

- 2.134 Structural Funds are the most significant source of EU funding for economic development in Scotland. Programmes run over a seven-year period, with the current round of programmes operating over the period 2007 to 2013. Scotland is eligible for funding under both the European Regional Development Fund and the European Social Fund.
- 2.135 The **ERDF** aims to strengthen economic and social cohesion in the EU by correcting imbalances between its regions. The ERDF finances:
- direct aid to investments in companies (in particular SMEs) to create sustainable jobs;
 - infrastructures linked notably to research and innovation, telecommunications, environment, energy and transport;
 - financial instruments (e.g. capital risk funds, local development funds) to support regional and local development and to foster cooperation between towns and regions; and
 - technical assistance measures.
- 2.136 The **ESF** sets out to improve employment and job opportunities in the EU. The fund finances projects in the following areas:
- adapting workers and enterprises through lifelong learning schemes, designing and spreading innovative working organisations;
 - access to employment for job seekers, the unemployed, women and migrants;
 - social integration of disadvantaged people and combating discrimination in the job market; and
 - strengthening human capital by reforming education systems and setting up a network of teaching establishments.
- 2.137 Each EU Member State has developed its own Structural Funds programmes for the seven-year period, based on EU regulations and guidance. In the Highlands and Islands, the ERDF and ESF programmes are delivered under the Convergence Objective, with intervention focused on modernising and diversifying economic structures, as well as safeguarding or creating sustainable jobs. In the Lowlands and Uplands area of Scotland (i.e. outwith the Highlands and Islands, but including north east Moray), the ERDF and ESF programmes are delivered under the Regional Competitiveness and Employment Objective. This Objective aims to strengthen the competitiveness and attractiveness of Europe's regions through innovation and knowledge-based economy; environment and risk prevention; and access to transport and telecommunications services of general economic interest.
- 2.138 The Highland and Moray parts of the CNP are eligible for funding under the Highlands and Islands Programmes, while Aberdeenshire and Angus are covered by the Lowlands

and Uplands Programmes. The key functions of the programmes are administered on behalf of the Scottish Government by:

- the Highlands and Islands (Scotland) Structural Funds Partnership Ltd (HIPP), for programmes in the Highlands and Islands; and
- ESEP Ltd, for programmes in the Lowlands and Uplands of Scotland (LUPS).

<http://www.hipp.org.uk>

<http://www.esep.co.uk>

ERDF/ESF Funded Projects

- 2.139 As highlighted earlier, the ERDF and ESF programmes currently in operation in Scotland are being delivered over the period 2007 to 2013. To date, there have been four rounds of funding approved for both programmes in the Highlands and Islands, with the most recent approvals announced in January 2010. In the LUPS area, there have been three rounds of funding approved for both the ERDF and ESF programmes, with the most recent round of approvals announced in April and May 2010 respectively.
- 2.140 Some specific projects that have received funding under the different ERDF/ESF funding rounds announced to date and which may be of relevance to business and community support in the CNP are highlighted in the rest of this section. Relevant area specific ERDF and ESF funded programmes are summarised in Sections 3-6.

ERDF-funded projects

- **Visit Scotland – Green Tourism Initiative for Business Growth.** This scheme is **Scotland-wide** and has been developed to help tourism businesses take steps to become more sustainable, giving them advice which will help them go on to become members of the Green Tourism Business Scheme (GTBS). As a way of encouraging businesses to progressively become ‘greener’, those who sign up to the free initiative agree to aim for a GTBS award within two years, or sooner if possible. The Highlands and Islands ERDF programme awarded £1.75 million to the scheme in Spring 2008, while over £400,000 has been awarded under the LUPS ERDF programme.
- **Forestry Commission – Scottish Biomass Heat Scheme** (announced March 2009). This scheme is **Scotland-wide**, with funding of £2 million available from April 2009 to March 2011. The scheme will provide grants for installation of biomass heating systems in business premises and district heating demonstrators. It will prioritise support for SMEs and is restricted to heat-only biomass applications. In March 2009, it was announced that £540,000 had been awarded to this project under the Highlands and Islands ERDF programme, while £800,000 was awarded in April 2009 under the LUPS programme. A maximum grant of £100,000 is available. Additional support for district heating projects may be considered on a case-by-case basis for projects with an outstanding demonstration value. Up to 50% funding of the additional capital costs of a biomass heating system compared to an equivalent fossil-fuel system can be supported under the scheme. Funding is limited to SMEs.

Land-based businesses and rural micro-enterprises who are eligible under the SRDP for installations up to 250 kW will not be eligible for SBHS funding.

- **Edinburgh Napier University – Institute for Wood Products.** This project will provide research, training and development support for SMEs within the forestry and timber sectors in Scotland. The project will deliver a wide range of information and advice through its advisory, support and marketing to communicate knowledge about the potential of home-grown timber. LUPS ERDF awarded £665,000 to this project in April 2010.
- **University of Abertay – Commercialisation and Enterprise Development.** This is a project designed to promote collaboration between SMEs and Abertay University on promotion of commercialisation and enterprise development. It will help SMEs to seek out, acquire and utilise commercially viable innovations related to their products and processes. Over £321,000 was awarded to this project by LUPS ERDF in April 2010.
- **University of Edinburgh – Scottish Environmental Technology Network Phase Two.** The Scottish Environmental Technology Network (SETN) was established three years ago to help SMEs in the environmental and clean technologies sector to become more competitive. Phase Two will develop and deliver new products and services to Scottish industry and the public sector. Over £408,000 was awarded to this project under LUPS ERDF in April 2010.

ESF-funded projects

- **Scottish Chambers of Commerce – Business Mentoring Scheme.** This is a **Scotland-wide** scheme. The LUPS ESF programme awarded £846,500 to the project in Spring 2008 and the Highlands and Islands programme approved a funding contribution of approximately £115,000 in Autumn 2008. The aim of the mentoring service is to contribute to the improved performance of Scottish businesses and the economy by assisting and encouraging more businesses that are seeking to develop and grow, both domestically and internationally. The service provides growing businesses with an experienced mentor who is capable of enabling a business to move to its next level. Approximately 500 companies per annum in Scotland are matched with a suitable mentor through the scheme. The programme offers various forms of mentoring, including one-to-one, in groups and online.
- **Speyside Trust – JobConnect@badaguish.** This project has been running since 2005; it is based at the Badaguish Outdoor Centre, working together with Kingussie High School, Grantown Grammar School, Caberfeidh Day Centre, Speyside Trust and the ESF. It is a programme to promote equal opportunity access to training and employment opportunities in the CNP. The Highlands and Islands ESF Programme awarded £75,000 to the project in January 2010.

3.0 HIGHLAND

Highland Council

3.1 Highland Council offers a range of financial assistance, business support, youth services, and European consultancy to small and medium-sized businesses. All Highland Council business support services are delivered by Highland Opportunity Ltd (HOL), an Enterprise Trust wholly owned by Highland Council. The purpose of the Trust is to stimulate economic activity, promote the start up and growth of business ventures including social enterprises, to help create new jobs, improve access to employment and foster business activity and trade. The company delivers its services through four business streams:

1. **Financial investment** in private and social enterprises, primarily through low cost discretionary loans, but occasionally through equity stakes or commodity contracts and through match funding the loans made by the Prince's Scottish Youth Business Trust (PSYBT).
2. **Business advice and training services**, including the Highland agency for PSYBT, under the national banner of Business Gateway.
3. **Practical business support**, including serviced business space, European trade connections, access to public sector contract opportunities, wage subsidies as incentives to employers and employability initiatives, administrative support to Young Enterprise Scotland, and business success awards.
4. **Social intervention** to assist those families who are distant from the workplace to remove barriers to training, education and employment, using the resources of the Fairer Scotland Fund and hosting the Highland Employer Coalition.

<http://www.highland.gov.uk>

<http://www.highland-opportunity.com/4-square.html>

3.2 Business support services currently delivered by HOL on behalf of Highland Council are summarised below. HOL is based in Inverness.

Employment Grants Scheme

3.3 An Employment Grants Scheme (EGS), part-financed by the ESF through the Highlands and Islands Partnership Programme (HIPP), has been operated by Highland Council. It was closed for new applications on 1 April 2010 and is currently under review, pending a further ESF application. The scheme provided a wage subsidy to SMEs in the Highland Council area to employ certain categories of disadvantaged people. The EGS encouraged the creation of additional permanent posts for unemployed people, including people in receipt of benefits, returners to the labour market, disabled people and young people who are not in education, employment or training (NEET).

3.4 A basic subsidy was payable to employers over a maximum of 26 weeks on the gross wage paid to the recruit at the following levels, subject to certain restrictions:

- 30% towards the recruitment of an unemployed person.
 - 40% towards the recruitment of a person unemployed for more than 6 months.
 - 50% towards the recruitment of a disabled person.
- 3.5 An extended subsidy was payable to employers over a maximum 52 weeks on the gross wage paid to recruits who are aged 16-19 and who would be classified as NEET (Not in Education, Employment or Training). This extended period of wage subsidy was to encourage SMEs to offer young people sustainable employment as trainees or apprentices.
- 3.6 EGS complemented the range of services offered under the Government's New Deal programme. <http://www.highland-opportunity.com/EGS>

The Opportunity Fund

- 3.7 HOL offers loans at interest rates lower than commercial bank rates, currently set at 5% on outstanding amounts, to new and growing businesses in the Highland Council area. The priority is for loans from £1,000 to £50,000, which can be unsecured where there is a strong business plan. Loans over £50,000 and up to £250,000 will only be considered where there is a sound security over a business asset and there is a compelling case for economic development in the Highlands.
- 3.8 Repayment periods up to seven years are possible, depending on loan size. The loans should be part of a finance package which promotes business starts or growth. Exceptionally, where a business has high growth prospects and a clear investment exit route, equity investment may be considered.
http://www.highland-opportunity.com/Opp_Fund.html

Community Enterprise Loan Fund

- 3.9 HOL operates a Community Enterprise Loan Fund (CELF) which is aimed at supporting non-profit distributing community-based enterprises in the Highland Council area. The fund is part financed by Social Investment Scotland and the European Regional Development Fund (ERDF). Loans of up to £50,000 are available, at interest rates of between 5% and 9% depending on risk and whether security can be provided. The maximum duration of a loan is seven years. Loans above £50,000 may be considered directly or syndicated with Social Investment Scotland.
- 3.10 A typical client will be an entity with a constitution, such as a society, club, trust or company which does not pay any dividend or surplus to its owners, but re-invests in the business. It was expected that many clients would be lifeline services which may not be viable as commercial ventures, but would survive and thrive with community support and finance. Applicants could also be care organisations, heritage and cultural groups, youth activity, sports teams and so on.
<http://www.highland-opportunity.com/copy-CELF.html>

European Business Services

- 3.11 HOL operates Enterprise Europe Scotland – a European business service – for the north of Scotland, which is the local entry point for companies to the wider Enterprise Europe Network – the biggest innovation and business network in Europe. The network, covering some 600 organisations across 40 countries, opens the door to a comprehensive store of business information and
- 3.12 The services offered by Enterprise Europe Scotland include:
- Helping Scottish businesses trade across Europe (e.g. market information and specialist advice; EU legislation, standards, policy and feedback; EU Funding; and awareness raising events).
 - Helping Scottish businesses win contracts across Europe (e.g. accessing public sector contracts).
 - Helping Scottish businesses build partnerships across Europe (e.g. commercial; technology sourcing; technology/knowledge transfer; and collaborative research).
 - Securing European funding for innovation (e.g. highlighting forthcoming funding opportunities; project scoping and feasibility; partner and project identification; and project writing support via the Scottish Proposal Assistance Fund).

http://www.highland-opportunity.com/European_Business.html
<http://www.enterprise-europe-scotland.com/>

The Prince's Scottish Youth Business Trust

- 3.13 HOL is also the agent for PSYBT in the Highland area of Scotland. It offers loans to match the loans provided by PSYBT. In aggregate, such loans are available up to £10,000 at a fixed interest rate of 4% up to five years. PSYBT also offers grants up to £1,000 in some cases. PSYBT is intended for young people in the age range 18-25 (30 if disabled) to start or grow their own businesses. They are particularly aimed at those who may be disadvantaged. The loans come with prior business advice, a business management package and a specified level of aftercare counselling.
- <http://www.highland-opportunity.com/copy-psybt.html>

Highland Business Growth Fund

- 3.14 ERDF funding of £560,000 for the Highland Business Growth Fund project was awarded in Spring 2009 to Highland Council to complement the Scottish Government's economic recovery plan to help local economies weather the current downturn. The Highland Business Growth Fund is aimed at improving access to bank finance by offering two-year, unsecured, interest free loans to any eligible business in the Highland area which requires access to finance to start up or grow. The scheme is targeted at existing businesses operating in the Scottish Government's priority sectors of tourism and culture; energy; food and drink, life (and other) sciences; and the creative industries, together with new start ups. The retail sector is not eligible. The aim of the fund is to help reduce the impact of the "credit crunch" on robust businesses. The fund is managed by HOL and came into effect in April 2009. Overall, Highland Council has

secured £1.4 million for the Fund, which will be available to new and established Highland businesses.

- 3.15 For existing businesses the maximum size of a single bond will be £50,000. Applicants will have to demonstrate a robust business plan and be able to use the bond as leverage for at least an equal amount from a commercial source of loans, such as a bank or private sector financier. At the end of two years, bond holders will be required to redeem the debt facility in full from a commercial source of finance or convert it into a further three-year term loan from HOL, at 5% annual interest.
- 3.16 For business starts the maximum size of a single bond will be £20,000. In addition to the bond a non-refundable grant will be offered which may be worth up to £8,000. At the end of two years, bond holders will be required to redeem the debt facility in full from a commercial source of finance or convert it into a further three-year term loan from HOL at 5% annual interest.
- 3.17 A business adviser will assess the business plans of applicants to ensure their strength and eligibility for the scheme and will make recommendations to the Board of HOL, who will make the final decisions on awards.
<http://www.highland-opportunity.com/highland-business-growth-fund.htm>

Business Gateway

- 3.18 HOL began delivery of the business support services of the national Business Gateway for the Highland Council area in April 2009. This service integrates with HOL's existing business support services to provide a comprehensive package of advice, training, direction, European connections and access to finance for local small businesses that wish to start up or grow. In addition to providing the national minimum standards and core services of the Business Gateway, the Highland area provides a service that is customised to meet the needs of the local economy. It also provides links with other services within the Council (e.g. access to Trading Standards).
<http://www.highland-opportunity.com/business-gateway.htm>
<http://www.bgateway.com>
- 3.19 Existing businesses of scale and those with high growth potential are identified and directed towards specialist account managers within HIE to help them fulfil their business strategies. Young entrepreneurs are able to apply for advice and financial assistance to start a business through the PSYBT. Business advisers and training workshops are available throughout the Highlands and there is a central co-ordinating Business Gateway shop in Inverness where people can walk in and talk.
- 3.20 At the outset of establishing the Business Gateway in the Highland area, HOL recruited three regional development officers to provide the Business Gateway services across the Highland Council area. One of these posts is based in Grantown-on-Spey. This is an "office base" (i.e. it does not provide a walk-in facility, such as that offered in Inverness), with the development officer most often meeting businesses at their own premises or in their local area. Meeting rooms at local Council Service Points may also be used for consultations.

- 3.21 The Business Gateway service in Highland organises a programme of free business start up courses and business training workshops which are available in a number of locations across the area – some of which are delivered in Aviemore and Grantown-on-Spey. The courses available include: a 2-day business start up course; record keeping; marketing and selling skills; employment law; customer care; e-commerce; networking skills and understanding finance. The Business Gateway has only been operating for one year in the Highland area; further activities are therefore likely to evolve over time as the service becomes more established and in response to the needs and demands of businesses in different areas across the Highland region. Discussions with Highland Council staff suggest that there is also scope to work in partnership with other organisations to hold specific events in local areas (e.g. a joint event in the CNP could be used to promote the range of support available from the Business Gateway, LEADER, Cairngorms Business Partnership, etc).
- 3.22 The key functions of the Business Gateway service in Highland are to encourage individuals to start up and grow their business; to support existing businesses to remain competitive and sustainable; and to identify new and existing businesses with growth potential. Business Gateway and HIE work in partnership to identify growth companies. Business Gateway will then support them until such time as they are ready / eligible for account management.
- 3.23 The Business Gateway is an integral part of the Highland Council Economic Development remit, including those services already delivered by HOL. Whilst the Business Gateway is part of a national framework, the Highland Council seeks to exploit the opportunity to support businesses, through existing services, using Business Gateway as a driver for change. The Business Gateway is committed to continuous improvement and will seek to develop the service in direct response to its customer requirements, the economic environment and key sector priorities for the region. In addition to delivering the national framework, a key aim for the Business Gateway in Highland at present is that the impact of the recession is limited and sustainable economic growth is supported.
- 3.24 The core support provided by Business Gateway in the Highland area in relation to business start up and growth support includes:
- Business start up workshops – 2 day workshop which covers all aspects of business start up, providing opportunities to scope out business ideas, learn the realities of running a business, understanding financial planning, sales and marketing and networking with other start-ups.
 - Tool kit of online support and research – access to the latest research such as MINTEL and Euromonitor, learning tools and information for entrepreneurial activity, including webcasts.
 - Local business advisor/mentor – for one-to-one advice, coaching, support and signposting as and when needed.

- Specialist one-to-one advice by sector or by discipline – including marketing, PR, manufacturing and renewables, food production, tourism, rural heritage and social enterprise.
- Skills development workshops – refresher and skills development workshops on different aspects of business activity and growth.

3.25 In summary, Business Gateway clients include:

- People thinking of starting up.
- Start Ups.
- Existing Businesses.
- Those businesses that HIE and BG agree fit the business growth aspirations for future account management.

3.26 The Business Gateway in Highland also provides support in response to local economic development opportunities and challenges. This currently includes:

- Events, Master Classes and Business Clinics – access to networking, collaboration, business opportunities and coaching.
- Employment Grants – support for recruitment of permanent full and part time staff.
- Start Up and Business Growth Packages – through the Highland Growth Fund, Highland Opportunity, and Community Enterprise.

3.27 A wide range of activities are proposed in the Business Gateway Operating Plan for 2010/11. Some examples include:

- Targeted activities for businesses, including: developing and promoting an enhanced support package for growth pipeline businesses (i.e. businesses that will provide the growth businesses of the future), such as providing enhanced specialist advice tailored to the particular growth aspirations of the business and closer working with HIE to provide other support if, and as, required; in respect of the renewable energy sector, identifying opportunities for entrepreneurial activity and build capacity and awareness; and providing specialist support to the retail sector.
- A number of activities relating to developing appropriate services and products to meet local needs. This includes: exploring options for a suite of on line learning modules for business start ups; continuing to provide support for existing businesses to attend trade shows; and developing new workshops (e.g. accessing finance/approaching banks; weekend start up course; going into business; retail; procurement; and understanding financial records).

3.28 Other service developments include delivering the **Cairngorms Environmental Support Scheme** on behalf of the CNPA. This is a pilot project that has recently commenced in the Badenoch and Strathspey area (Highland part of the CNP), which is aimed at supporting both business growth and profitability and the wider and collective agenda of the CNPA.

- 3.29 In delivering this scheme, and along with its own activities in the area, the Business Gateway provides an environmental business support package to businesses, comprising advice, support and signposting on environmental issues. This includes providing links to environmental planning support that may be available for businesses e.g. through the Green Business Partnership (formerly known as the Business Environment Partnership prior to April 2010), which provides free and subsidised assistance with environmental management to small and medium sized businesses throughout Scotland. Local Business Gateway advisors effectively act as a champion and referrer to link businesses with support and funding for planning their environmental policy and making changes in services and production within their companies, utilising the Green Business Partnership for some workshops and courses. <http://www.thebep.org.uk/>
- 3.30 All enquirers to the Business Gateway will be offered a meeting to discuss environmental issues. At the meeting it will be agreed that an environmental questionnaire will be sent out by Energy Saving Scotland (ESS) to the enquirer; once ESS receives the completed questionnaire it will either provide written advice or send a specialist adviser to the enquirer in relation to environmental issues. The outcome of the additional meeting could result in interest free loans being made available for implementation purposes. For example, ESS can provide small business loans of between £1,000 and £100,000 to help businesses install renewable energy technologies or measures that reduce energy consumption. This loan scheme is funded by the Scottish Government and aims to support companies to take action to reduce their energy bills. It is aimed at SMEs, private sector landlords, not-for-profit organisations and charities.
- 3.31 In addition to support that may be accessed via the ESS for Business Gateway enquirers, an additional level of support may be made available from the CNPA and the Green Partnership for relevant interest groups. This may be in the form of promotional activity, open evenings, training workshops, etc.
- 3.32 Business Gateway's involvement in providing access to environmental business support and advice to businesses effectively creates a "one stop shop" based within the Park – able to identify, signpost and bring specialist support to local businesses (rather than them having to go to the central belt) either one-to-one or through workshops, training events and networking.
- 3.33 In addition to the range of services and activities highlighted above, the Business Gateway in Highland, on behalf of HOL, is also responsible for the delivery of the **Rural Development Grant**. This was set up in February 2010 and is a new business start up grant available to all businesses in the Highland Council area; it forms part of a wider package of support that the Business Gateway can offer. The Project is funded by the Highland Council Business Gateway service and the Highland LEADER 2007-2013 Programme (including the CNP LEADER Programme).
- 3.34 It is intended to help new small businesses to set up in the Highlands through supporting initial start up costs. The purpose of the grant is to help with the purchase of capital equipment, the cost of marketing, purchase of software or licences, or other one-off costs associated with start up. It is not to provide working capital, wage subsidy or debt repayment.

- 3.35 The grant will meet three quarters of the cost of essential expenditure, with the remaining quarter being funded by the grant applicant. The grant must not exceed £4,500. As part of the grant conditions, each applicant must attend a Business Gateway business start up or other appropriate training course.
- 3.36 The business must be a genuine start up (not an acquisition or management buy out or in) and must not have been trading before 4th January 2010. The business can have any legal structure and operate in any sector or geography within the Highland Council area.
- 3.37 The scheme has been developed to help boost the local economy in the wake of the recession by encouraging the start up of new businesses. It will operate until March 2011 and a total of £300,000 will be available for business start up grants over this period. It is hoped that at least 120 businesses will benefit from the grant. The scheme will be reviewed at the end of the pilot period.
<http://www.highland-opportunity.com/business-start-up-grants.htm>

Highlands and Islands Enterprise

- 3.38 Highlands and Islands Enterprise is the Scottish Government's economic and community development agency for the Highlands and Islands of Scotland. HIE aims to build sustainable economic growth in all parts of the Highlands and Islands. It is focused on three broad areas of activity:
- Supporting significant and high-growth businesses and sectors, so raising regional and local growth rates.
 - Strengthening communities, especially in the fragile parts of the area.
 - Creating the infrastructure and conditions to improve regional competitiveness.
- <http://www.hie.co.uk>

Assistance to Businesses

- 3.39 HIE account manages high growth and locally significant businesses in each of the individual economies that make up the Highlands and Islands. It also leads and works with partners to deliver transformational projects which can have a significant economic impact beyond local markets. It helps ambitious businesses to grow and become more successful by supporting key industry sectors and developing the business environment to enhance the Highlands and Islands economy. In supporting businesses within the area, HIE's key objectives are to:
- Stimulate greater entrepreneurial dynamism and creativity.
 - Develop the knowledge economy.
 - Make the Highlands and Islands a globally attractive and connected location.
 - Achieve global success in key sectors.
- 3.40 Support is targeted towards the business sectors that are particularly important to the area and which offer the best potential for achieving sustainable business growth, namely: creative industries; energy; financial and business services; food and drink; life

sciences; and tourism. HIE also supports businesses in other sectors, provided they have ambition and potential to achieve high growth.

- 3.41 HIE has developed an account management approach and is focusing on working closely with around 500 businesses across the Highlands and Islands which can operate regionally, nationally and internationally, helping them to improve competitiveness and productivity. Assistance is targeted towards businesses which will achieve the greatest impact for the regional economy. This includes helping businesses to improve their skills e.g. in leadership; international business; innovation, research and development; investment finance; adoption and use of technology; and people and skills development (there is no minimum level of intervention for these forms of support).
- 3.42 Financial support related to capital investments may be provided in the form of loans, equity investment or, in some cases, capital grants. Given the focus on high growth businesses, the minimum capital grant available is £25,000. However, within its fragile areas (none of which are within the CNP) the minimum grant threshold is £5,000.
- 3.43 Where existing programmes and tools used by partner agencies such as Scottish Enterprise and Scottish Development International are appropriate for Highlands and Islands businesses, these are actively promoted as business solutions. This also builds on the success of developing joint account management teams for key clients with a presence in the Highlands and Islands and Scottish Enterprise areas.
- 3.44 A key part of HIE's role is also to make connections for businesses with other sources of growth capital, through developments with venture capitalists and business angels. This is an under-developed sector within the Highlands and Islands and as such provides potential to expand to meet increased demand from the right type of business activity. Over the period 2009-12, HIE will be reviewing its approach to taking equity in a business and potential for its existing portfolio to reflect the emphasis on high growth.
- 3.45 Further details of some of the products, services and support that HIE offers to businesses are provided below. <http://www.hie.co.uk/businesses>
- 3.46 **Business support** – HIE provides information on knowledge transfer, technology, entrepreneurship, research and development, funding and events to support business growth. This includes:
<http://www.hie.co.uk/innovation>
- Knowledge transfer – this is the exchange of information through networks, transferring good ideas, research results and skills between universities, other research organisations, businesses and the wider community to enable innovative new products and services to be developed. As part of this, HIE offers a variety of support in the form of advice, programmes and funding opportunities to businesses of all sizes. This includes **Business Innovation Grants**, which are aimed at building relationships between Highlands and Islands based businesses and academic institutes. Grants of up to £5,000 are available to businesses in the Highlands and Islands area to support collaborative projects between businesses and academia.

- Support for Research and Development – a variety of support and funding is available to help businesses of all sizes in the Highlands and Islands engage in research and development and innovation. This includes:
 - Regional Selective Assistance (RSA), the main investment grant scheme for businesses in designated areas of Scotland (the 'assisted' areas). An eligible investment project must relate to setting up a new establishment, extending an existing establishment, diversifying into new additional products or a fundamental change in production process.
 - SMART:SCOTLAND, which provides financial assistance to SMEs to help support projects which represent a significant technological advance for the UK sector or industry concerned. Grant assistance can be provided to support technical and commercial feasibility studies and/or research & development projects. Technical and commercial feasibility studies should involve early stage research and development, the outcome of which will enable informed decisions on the technical and commercial feasibility of a new product or process. Support for technical and commercial feasibility studies is available on a discretionary basis at 75% of the eligible project costs. Projects must last between 6 and 18 months and the maximum grant is £70,000. Research and development projects may be supported that aim to develop a pre-production prototype of a new product or process. Support for such projects is available on a discretionary basis at 35% of the eligible project costs. Projects must last between 6 and 36 months and the maximum grant is £600,000. Any SME that meets the SMART:SCOTLAND eligibility criteria may apply for a SMART Research and Development Grant, irrespective of whether they receive support under SMART for a Feasibility Study.
 - HIE R&D funding scheme – this scheme supports small, medium and large enterprises undertaking research and development, even if the innovation is new only to the individual business. The product need not be innovative within a national context. The scheme can provide grant assistance to support fundamental research, industrial research or experimental development.
- Technology – support, advice, programmes and funding options are available through HIE for businesses of all sizes looking to use technology to help business growth and improve efficiency. This includes “Byte the Bullet”, a three year (plus one) business transformation programme which adopts a ‘business first, technology second’ approach. The objective of the programme is to ensure that ICT or e-business initiatives are fully aligned with, and supportive of, the core business objectives and strategy of the participating SMEs. It is not about a new or improved website; it is about taking a holistic approach to embed strategic and operational planning, process change and new and existing technologies into a business. It is designed to improve the productivity, efficiency, and competitive advantage of SMEs, with an emphasis on delivering measurable return on investment from technology implementations.
- Entrepreneurship – HIE offers a variety of programmes, workshops, courses and events to stimulate and develop entrepreneurship and business skills, often run in partnership with business support organisations and academic institutes such as the

University of the Highlands & Islands (UHI) and the Massachusetts Institute of Technology (MIT) Sloan School of Management

- **Business Mentoring** – Business Mentoring is a service that is provided through the partnership of Scottish Chambers of Commerce (SCC), HIE and the European Social Fund through the Highlands and Islands Partnership Programme (HIPP). Business Mentoring aims to work principally with businesses that are seeking to develop and grow. The Mentors are experienced business people from a range of sectors and industries with their own unique blend of business and life experience and crucially, each has a burning desire to ‘give something back’ and support businesses and the economic growth of Scotland. Mentors provide their time on a voluntary basis and the service is provided free to businesses that meet the criteria.
- **Networking** – HIE works to stimulate and support the development of a thriving and sustainable entrepreneurial business network in the Highlands and Islands, where the eco-system includes ambitious businesses, business support organisations, self-sustaining entrepreneur cohort group and international links and contacts
- **MIT Business Growth Programme** – in partnership with the Massachusetts Institute of Technology (MIT), HIE has launched a new Business Growth Programme for Highlands and Islands businesses, which supports businesses to grow in scale, size and ambition. The Programme includes a series of workshops, week long intensive immersion courses, year-long mentoring programmes, access to research students and projects and connection to an international network of experts, markets and customers.

3.47 Find new markets – information and advice on exporting support for Highlands and Islands businesses and trade partners at a local, national and international level. HIE works with SDI to help businesses in the Highlands and Islands develop their international trade by offering a range of support services to assist businesses who are entering new markets for the first time or looking to expand their overseas operations. During 2009, HIE enhanced and expanded its partnership collaboration with SDI. An SDI Regional Manager is now based in Inverness and is integrated with HIE’s International Development Team. Three additional senior development executives have also been recruited to provide specialist support for the food & drink, life sciences and tourism sectors, joining the existing energy specialist in providing regional alignment of SDI resources to businesses in the HIE area. The food and drink specialist is based in Inverness, while the others, with their efforts clearly aligned to developing investment and trade opportunities for businesses in the HIE area, are located in Dundee and Glasgow in a “virtual team” capacity. Support provided by HIE in respect of finding new markets includes: <http://www.hie.co.uk/find-new-markets>

- **International Strategy Development** – HIE/SDI offers a range of interactive programmes designed to help companies develop a strategy for international growth or to review current strategies, each tailored to the specific needs of the participating company.
- **International Mentoring** – companies with limited international business experience often need a helping hand to seize the opportunities that doing business internationally presents; mentoring can play a big roll in addressing these issues.

HIE/SDI therefore offers a variety of schemes that can assist businesses through the provision of mentoring support.

- International Exhibitions, Missions and Learning Journeys – HIE/SDI provide support for these activities, which offer excellent opportunities for personal introductions to new business partners, overseas buyers and agents or distributors.
- Overseas Market Support – this can help businesses move towards trading internationally by facilitating a company's understanding of conditions on the ground. HIE provides a range of market reports and further information to businesses looking to conduct initial research internationally.
- International accommodation packages – eligible Scottish businesses have access to on site incubation, meeting rooms and support services provided by SDI at key locations in the USA. Outside these locations it works with office giants Regus, to provide discounted office space at more than 950 centres across the world.

3.48 **Key industry sectors** – HIE targets support towards the key industry sectors, as identified in the Scottish Government Economic Strategy (i.e. creative industries; energy; financial & business services; food & drink; life sciences; and tourism, as well as universities) which have the greatest potential to boost sustainable economic growth across the Highlands and Islands.

<http://www.hie.co.uk/Key%20industries/sectors.html>

- In terms of **Food and Drink**, HIE is fully engaged in taking forward a national strategy for food and drink and works closely with industry bodies on business engagement and growth. However, there are emerging concerns on the effects of the global economic downturn and possible threats to employment levels in the sector. HIE works closely to ameliorate these threats where possible. HIE's efforts to support growth in this sector focus on business leadership, collaborative supply chains, industry communication and sustainability. HIE plays a key role in taking this work forward at a national level with partners including Scotland Food and Drink. In addition, HIE supports the account management process with expert knowledge, market intelligence, advice and networks.
- **Tourism** remains a key sector for HIE and one that can make a significant contribution to a competitive region. Working with partners, especially VisitScotland, HIE is a key player in meeting national ambitions of a 50% growth in the value of the sector equating to an additional £600m expenditure into the region. The drivers of this growth are developing world class destinations, accelerating targeted inward investment propositions and developing support mechanisms to enhance business leadership and productivity. HIE also works on a select number of larger, strategic projects that offer significant growth opportunities at the regional level, such as the development of the marine tourism product and the cruise ships market.

3.49 HIE also operates **Learningworks** – a website providing an online training and learning resource for businesses in the Highlands and Islands. It provides information, support and resources to help businesses and their workforce to develop skills to enable them to grow. It provides a range of diagnostic tools relating to organisational development, managerial skills, information technology, communication, personal development, training and learning, and core business skills. It also enables businesses to explore a range of short and long-term courses of relevance to their business; and information on funding sources, the labour market, sector skills etc. The facility also hosts podcasts and a series of “virtual conferences”, which are expert led seminars broadcast live via the internet, enabling businesses to enjoy the benefits of participation at an event without the cost and time spent away from the workplace. The seminars typically involve speakers who are well known in business, with topics including entrepreneurialism, building a successful brand, global sales and marketing, and how firms cope with recession.

<http://www.hie.co.uk/learningworks>

Working with Communities

3.50 HIE also focuses on stimulating the growth of the social enterprise sector across the Highlands and Islands. Social enterprises, which come in many forms and provide an extensive range of services, are predominantly community-based businesses that

intentionally trade for profit that can be re-invested in further community growth. Through a process of more intensive account management, HIE focuses on those social enterprises which appear to have clear promise of both economic and social growth.

3.51 Support services to the social enterprise sector are provided through HIE's contract with the Highlands and Islands Social Enterprise Zone Community Interest Company (HISEZ), which provides expert one-to-one advice to area office clients and whole-sector activity including conferences, newsletters, training and networking events. Promotional and support work is closely aligned to the Scottish Government's policies and funding programmes such as the Scottish Investment Fund. HIE also works with HISEZ, the Social Enterprise Academy and other partners, including the Scottish Government, to support social entrepreneurs.

3.52 HIE works with communities to help them achieve aspirations of indigenous growth, entrepreneurial activity and community confidence. HIE provides support to communities in a number of ways, including:

- Community land unit – the aim of HIE's community land team is to increase the role of communities in the ownership and management of land and land assets, and the sustainable management of these resources for the benefit of the community (see next section for further details).
- Community assets – this includes land, the environment and infrastructure owned, managed or impacted on by the community. By encouraging community-based options for the use of these assets, HIE can increase the capacity of communities to undertake their own local development.
- Strengths and leadership – the enthusiasm and internal drive of communities are vital to the development process. HIE helps communities to acquire leadership skills, recognise and develop their strengths and grasp economic opportunities. A key element for developing the strengths and leadership capabilities of rural communities in the Highlands and Islands is through the use of European programmes, particularly LEADER + which is one of the main initiatives aimed at encouraging community-based economic and social development. This programme complements other HIE activity by focusing resources on small scale, locally developed action plans.
- Culture and heritage – HIE undertakes a broad range of activities, at its own hand and in partnership with others, which aims to sustain and develop the area's cultural and heritage resources.

<http://www.hie.co.uk/strengthen-your-community.htm>

Community Land Unit

3.53 The Community Land Unit (CLU) was established by HIE in 1997. Its aim is to increase the role of communities in the ownership and sustainable management of land for the benefit of the community. In the process of achieving its aims and objectives, the team seeks to support a diverse range of community-led initiatives, often involving innovative solutions. The objectives of the community land team are to:

- promote community-led land purchase or management initiatives, including management agreements and other partnership arrangements with existing owners – the team works practically with landowners and community organisations in exploiting opportunities, where these have the potential to lead to long-term, sustainable, socio-economic and environmental benefit for local communities. The concept is also promoted through support of conferences, case study work and a database of initiatives designed to stimulate new activities based on existing experience.
- provide advice and support for community land initiatives, incorporating the exchange of best practice – community involvement in land initiatives progresses through a series of stages comprising community preparation; project development and planning; bid/contract preparation; final acquisition/contract/partnership; and project implementation. Advice and support services are offered by a range of partner agencies at all stages of the process. This includes local authorities, Scottish Natural Heritage, Forestry Commission Scotland and HIE local area offices. The CLU works in partnership with agencies and non-governmental organisations to maximise the integration of existing mechanisms, in an effort to provide a comprehensive response to communities requiring advice on land purchase and asset management.
- build capacity in community land initiatives and further their sustainability – community land initiatives often require additional support. HIE offers a range of post-acquisition support, including skills development and networking opportunities. The Scottish Community Land Network is funded by HIE to provide an online communication and resource tool for all those involved or interested in community land and land asset management.
- contribute to the research and development of policies related to community land initiatives – CLU undertakes a wide-ranging programme of research, in addition to preparation of responses to proposed legislation. Recent research supported includes a feasibility study into applying for National Park status for Harris and a study into meat processing opportunities for South Uist. Future research activity will include further work on identifying revenue-generating and capacity building opportunities for remote communities including opportunities for international exchange of experiences.

3.54 The CLU specialises in providing advice and funding for:

- **project planning and start up** – investigating possible community ownership options;
- **land and asset acquisition** – acquiring assets including land, buildings, transport, sporting rights;
- **post-acquisition support** – managing and developing assets; and
- **aftercare** – building up skills and expertise for successful community asset management.

- 3.55 CLU also organises training courses through its Skills Development programme; provides funding for groups to undertake exchange visits; and provides opportunities for groups to network and learn from each other's experience.
- 3.56 The CLU's skills development programme is run to assist community groups to access training to help them manage their assets more efficiently and effectively. Training can be in practical, managerial or other skills suited to the group's needs. The programme runs on three levels: it can assist groups to attend relevant training courses and events; it can encourage groups to host training events for community land initiatives; and it can also organise larger scale training events and courses. All training must be relevant to managing community assets; assistance is discretionary and subject to available budgets.
<http://www.hie.co.uk/CommunityLand.htm>

Economic Recovery

- 3.57 HIE continues to work closely with the businesses and communities of the area to help them adapt in response to the global economic downturn. It will ensure a flexible and adaptable approach in the delivery of business support services to reflect the changing economic situation. As part of the public sector response to the recession, HIE's contribution currently focuses on the following areas:
- Advisory services – HIE will provide specialist advice to significant businesses and those with growth potential in addition to access to national support bodies such as the Scottish Manufacturing Advisory Service and Scottish Development International.
 - Economic and business reviews – HIE will commission independent research and work closely with the business community, banks and representative bodies in the Highlands and Islands to collate good quality business intelligence to improve its understanding of the impact the global recession is having on the Highlands and Islands.
 - Business masterclass/virtual conference programme – high profile keynote speakers will address business people on issues identified by the business community as being of particular relevance in the current climate. The events will be webcast live and can be accessed worldwide. Early conferences covered business survival through a recession and financial management in recession with future events covering motivating staff, lean business processes, sales and marketing and energy use and waste minimisation.
 - Business mentoring programme – HIE, in partnership with the Scottish Chambers of Commerce, will provide a support mechanism for business to business mentoring. The programme will provide practical support for new and growing businesses. Additional support is also available through the Institute of Directors Development Programme.
 - Investment – in selected cases HIE will consider the use of De Minimis or Interest Relief Grant (IRG) support to complement lending from other sources. Any business which is of significant importance to the local or regional economy which can demonstrate it has a sustainable future may be considered for support.

- Investor readiness programme – HIE will provide support to growth businesses seeking to prepare an investment portfolio. Support will include assistance with the cost of engaging professionals to prepare projections, undertaking sensitivity analysis, market research etc and assistance with the professional presentation of such information.
- Development opportunities for social enterprises – HIE will work with Business Gateway and community interest company HISEZ to provide support to social enterprises to enable them to identify potential opportunities to ensure lifeline facilities and services in rural communities which may be at risk as a result of the current economic climate.
- Enhanced PACE arrangements – HIE is working with key partners to ensure the delivery of an enhanced PACE (Partnership Action for Continuing Employment) service across the Highlands and Islands aimed at proactively engaging with businesses to avoid or minimise potential job losses in addition to the delivery of a reactive service to individuals affected by redundancy.

Scottish Government

Crofting Counties Agricultural Grants Scheme

- 3.58 The **Crofting Counties Agricultural Grant Scheme (CCAGS)** scheme is designed to provide assistance towards improving the infrastructure and viability of crofting and similar eligible small/medium scale agricultural businesses operating in the Highlands and Islands of Scotland. It also aims to achieve other benefits, such as improved animal health and welfare. Support is available for land improvement, agricultural buildings, access and facilities for keeping livestock. The scheme was initially delivered by the Crofters Commission; however during 2009, responsibility for administering the Scheme passed to the Scottish Government Rural Payments and Inspections Directorate (SGRPID).
- 3.59 By aiding and developing agricultural production on crofting businesses, the principle objective of CCAGS is to sustain the economic basis and way of life and so help retain population in crofting areas. The scheme is open to crofters, small farmers in the Crofting Counties of a similar status to crofters, and crofting groups (e.g. Grazings Committees). The main features of the scheme include:
- Grant rates set at 50% in less favoured areas and 40% elsewhere.
 - Maximum grant for individuals is £25,000 over a two-year period, and for groups is £125,000 over a two-year period.
 - Eligible operations include land improvement, agricultural buildings, provision of roads and services, and facilities for keeping livestock.
- 3.60 The scheme contributes to the following SRDP outcomes: rural development benefiting communities; thriving rural communities; populations retained in rural communities; and sustainable land management practices.
- <http://www.scotland.gov.uk/Topics/Rural/SRDP/CCAGS>

Scottish Crofting Foundation

- 3.61 SCF provides some training, including a crofting induction course which is run over the winter months (one of which is held in Grantown) and a training programme for crofters and small landholders in the Highlands and Islands.
<http://www.croftingfoundation.co.uk/index.php/training/62>

UHI

HI Links Project

- 3.62 UHI operates the HI Links project, which aims to enable businesses in the Highlands and Islands to develop new products, processes and business ideas through accessing the knowledge, expertise and know-how available in Scotland's academic sector. The project is jointly funded by UHI, HIE and ERDF funding. It helps businesses develop and prosper through greater access to the knowledge, expertise and technology available in Scotland's universities, colleges and research institutes. Greater access to research and development resources through collaborative projects will provide businesses with a competitive advantage by, for example:
- developing new added value products or processes
 - providing the business with new technology or business systems
 - reducing costs
 - developing new markets
 - increasing sales
 - improving efficiency
- 3.63 The project provides support for businesses in the form of free advice and guidance that is ongoing, impartial and confidential. Support in connection with the HI Links project and its partners includes:
- **Personal Consultations** – HI Links will undertake initial visits to understand more closely the needs of the business.
 - **Bringing Academic Experts To Local Businesses** – local events across a variety of business sectors take place throughout the Highlands and Islands, bringing renowned experts to local businesses wherever they may be in the region.
 - **Technology Brokering** – the HI Links team will search the Scottish academic research base to locate the expertise required by a business and will broker and facilitate introductions.
 - **Learning Journeys** – funding is available to bring academics and businesses together to discuss potential projects.
 - **Project Funding Sources** – HI Links may be able to assist in finding the most appropriate funding for a project. It will help to access the funding available to develop the business, depending on the scope and scale of a proposed project.
- <http://www.hilinks.uhi.ac.uk>

Highlands and Islands Social Enterprise Zone

- 3.64 The Highlands and Islands Social Enterprise Zone (HISEZ) is a social enterprise support agency based in Inverness and covering the Highlands and Islands. It is part-funded by the ESF. It provides advice and guidance to social enterprise organisations that are looking to expand and develop or for aspiring organisations interested in exploring the social enterprise option.
- 3.65 HISEZ provides organisations with a range of information relating to social enterprise, such as what it is and what the differences are between it and private business; why and how to become a social enterprise; legal advice; and information on funding and financing a social enterprise. It can help an organisation: determine its business needs; establish contacts; highlight training opportunities; and identify suitable funding sources. It also promotes various courses and events that may be of relevance to interested organisations. <http://www.hisez.co.uk>

Other Business Organisations

- 3.66 Over the years a range of membership-based and business-related organisations have been established across the CNP, ranging from general business interests to groups of businesses with a specific area or sector focus. One such organisation is the Aviemore and the Cairngorms Destination Management Ltd (ACDM), which up until recently, was a not for profit private sector led destination management organisation (DMO) in the Badenoch and Strathspey area. For businesses, it aimed to undertake marketing activities that will encourage increased visits and generate revenue for its members; and to work with businesses to enhance the customer experience so increasing the likelihood of return visits to the area. For communities, it aimed to work with and support the communities and local organisations in developing the area as a destination. However, this organisation is now in the process of formally merging with the Cairngorms Business Partnership, which was launched in April 2010, and details of which are provided in Section 2.

European Structural Funds

- 3.67 General background on European Structural Funds was provided in Section 2. In the Highlands and Islands, the ERDF and ESF programmes are delivered under the Convergence Objective, with intervention focused on modernising and diversifying economic structures, as well as safeguarding or creating sustainable jobs. The Highland and Moray parts of the CNP are eligible for funding under the Highlands and Islands Programmes, the key functions of which, are administered on behalf of the Scottish Government by the Highlands and Islands (Scotland) Structural Funds Partnership Ltd (HIPP). <http://www.hipp.org.uk>

Highlands and Islands Programme Priorities

- 3.68 The ERDF programme in the Highlands and Islands has a vision for “prosperous, inclusive and self-sustaining communities, where the unique cultures, traditions and environments are enhanced and the region makes a distinctive contribution to Scotland, the UK and the EU competitiveness through supporting people, place and prosperity”. The programme is focused around the following three priority areas:
- Priority I - Enhancing business competitiveness, commercialisation and innovation;

- Priority 2 - Enhancing key drivers of regional and sectoral sustainable growth; and
- Priority 3 - Enhancing sustainable growth of peripheral and fragile areas.

3.69 The key economic sectors considered under the programme in the Highlands and Islands are renewable energy and other energy-related activities; tourism and culture-based businesses; food and drink; forestry; and life/health (and other) sciences.

3.70 The vision for the ESF programme in the Highlands and Islands is “to contribute towards sustainable growth in the size and skills of the region’s workforce within the Lisbon jobs and growth framework, through developing the knowledge-based economy of the region”. There are three priority areas for assistance through this programme:

- Priority 1 - Increasing the workforce;
- Priority 2 - Investing in the workforce; and
- Priority 3 - Improving access to lifelong learning.

ERDF/ESF Funded Projects

3.71 The ERDF and ESF programmes currently in operation in Scotland are being delivered over the period 2007 to 2013. To date, there have been four rounds of funding approved for both programmes in the Highlands and Islands, with the most recent approvals announced in January 2010. Some specific projects that have received funding under the different ERDF/ESF funding rounds announced to date and which may be of relevance to business and community support in the Highland part of the CNP are highlighted below (details of funded projects that may be of relevance to the whole CNP are provided in Section 2).

ERDF-funded projects

- **Highland Birchwoods – Renewable Heat Advice and Business Support** (announced March 2009). This scheme will cover the **Highlands and Islands** area (i.e. Highland and Moray) of the CNP. The project is aimed at improving the effectiveness and integration of renewable heat generation across the Highlands and Islands. It is a three-year initiative which aims to provide a comprehensive and impartial advice service for all aspects of woodfuel supply and utilisation. The ERDF programme in the Highlands and Islands has awarded £116,400 to the project.

ESF-funded projects

- **Social Enterprise Academy – Developing Leaders for Sustainable Communities.** This project is a leadership development programme covering the **Highlands and Islands** area (i.e. Highland and Moray) of the CNP. The ESF programme approved £304,400 to this project in Spring 2008; HIE and the Scottish Government also provided funding. The project will run for three years and will support social enterprises and community based SMEs to gain the leadership and enterprise skills needed to create and grow their businesses in the Highlands and Islands. The programmes offer learning and development in leadership skills, business tools and measuring the social, environment and economic impacts of business.

- **Scottish Agricultural College – Delivering Business Skills to Rural Areas.** ESF funding of £37,500 was awarded for this project in Spring 2008, with match funding provided by HIE and the Scottish Government. This project covers the **Highlands and Islands** area (i.e. Highland and Moray) of the CNP. It makes funding available to cover or assist with the costs of some training courses for people working in land-based industries. This ensures that people working in remote areas are not disadvantaged by the cost and time needed for travelling to attend a course, or the cost of arranging and getting trainers to remote places. The SAC can also help by finding the right course; getting people together to ensure a course runs locally; and finding good trainers and training companies.
- **Inverness College – Promoting Enterprise and Innovation in Further Education.** The Highlands and Islands ESF programme approved funding of over £21,000 for this project in January 2010. The project is being delivered by CREATE, a new enterprise centre that was established at Inverness College in August 2009. The centre is dedicated to enterprise learning and enterprise initiatives for all students. Although it is based at Inverness College Midmills campus, its services will be available throughout each College campus and associated learning centres. The project will engage PSYBT, HISEZ and the Business Gateway with students, develop website pilot short courses in enterprise and produce marketing and promotional materials.
- **Springboard Charitable Trust – Increasing the Workforce in Scotland’s Highlands and Islands.** This project was awarded almost £664,000 under the Highlands and Islands ESF programme in January 2010. The project is a training and development programme for people who want to get into work in the hospitality, leisure, travel and tourism (HLTT) sector. It aims to provide guidance and deliver core skills in the HLTT industry; this includes delivering courses and other bespoke workshops with follow-up guidance and mentoring in job seeking.

4.0 MORAY

Moray Council

Business Gateway

- 4.1 The Business Gateway service came into effect in the Moray Council area in April 2009. In Moray, the Business Gateway is delivered under a shared service agreement with Highland Council by Highland Opportunity Limited, Highland Council's wholly owned Enterprise Trust. Highland Council manages the Business Gateway contract with HOL on Moray's behalf, although Moray Council staff are closely involved.
<http://www.highland-opportunity.com/business-gateway.htm>
<http://www.bgateway.com>
- 4.2 The service includes access to business advisers and training workshops. There is a walk-in Business Gateway shop located in Elgin, and in 2009, HOL recruited a regional development officer, who is based in Elgin, to provide the Business Gateway services across the Moray Council area, although Business Gateway Moray also shares an adviser with Highland Council based in Grantown who covers Speyside and Badenoch. Libraries, and other venues may be used for consultations in local areas. Existing businesses of scale and those with high growth potential are identified and directed towards specialist account managers within HIE to help them fulfil their business strategies. Young entrepreneurs are able to apply for advice and financial assistance to start a business through the PSYBT.
- 4.3 The Business Gateway service in Moray organises a programme of free business start up courses and business training workshops which are held in Elgin. The courses available include: a 2-day business start up course; record keeping; marketing and selling skills; employment law; customer care; e-commerce; networking skills and understanding finance. The Business Gateway has only been operating for one year in the Moray area; further activities are therefore likely to evolve over time as the service becomes more established. Discussions with Highland Council staff, who manage the Business Gateway contract on behalf of both the Highland and Moray Councils, suggest that there is also scope to work in partnership with other organisations to hold specific events in local areas (e.g. a joint event in the CNP could be used to promote the range of support available from the Business Gateway, LEADER, Cairngorms Business Partnership, etc).
- 4.4 The key functions of the Business Gateway service in Moray are to encourage individuals to start up and grow their business; to support existing businesses to remain competitive and sustainable; and to identify new and existing businesses with growth potential. Business Gateway and HIE work in partnership to identify growth companies. Business Gateway will then support them until such time as they are ready / eligible for account management.
- 4.5 The core support provided by Business Gateway in the Moray area in relation to business start up and growth support includes:
- Business start up workshops – 2 day workshop which covers all aspects of business start up, providing opportunities to scope out business ideas, learn the realities of

running a business, understanding financial planning, sales and marketing and networking with other start-ups.

- Tool kit of online support and research – access to the latest research such as MINTEL and Euromonitor, learning tools and information for entrepreneurial activity, including webcasts.
- Local business advisor/mentor – for one-to-one advice, coaching, support and signposting as and when needed.
- Specialist one-to-one advice by sector or by discipline – including marketing, PR, manufacturing and renewables, food production, tourism, rural heritage and social enterprise.
- Skills development workshops – refresher and skills development workshops on different aspects of business activity and growth.

4.6 In summary, Business Gateway clients include:

- People thinking of starting up.
- Start Ups.
- Existing Businesses.
- Those businesses that HIE and BG agree fit the business growth aspirations for future account management.

4.7 The Business Gateway in Moray also provides support in response to local economic development opportunities and challenges. This currently includes events, master classes and business clinics – access to networking, collaboration, business opportunities and coaching. In its first year, a number of new workshops were delivered in the Moray area and that are not part of the national Business Gateway programme. This included the development and piloting of master class workshops in the area for the tourism sector and a social websites networking event. Further workshops are planned for different sectors in Moray, starting with the development of one for the retail sector.

4.8 A wide range of activities are proposed in the Business Gateway Operating Plan for 2010/11. Some examples include:

- Targeted activities for businesses, including: developing and promoting an enhanced support package for growth pipeline businesses (i.e. businesses that will provide the growth businesses of the future), such as providing enhanced specialist advice tailored to the particular growth aspirations of the business and closer working with HIE to provide other support if, and as, required; in respect of the renewable energy sector, identifying opportunities for entrepreneurial activity and build capacity and awareness; providing specialist support to the retail sector; providing sectoral focus support in Moray for the food and drink and tourism sectors; and provide a start up/networking event in Elgin and Moray.
- A number of activities relating to developing appropriate services and products to meet local needs. This includes: exploring options for a suite of on line learning

modules for business start ups; continuing to provide support for existing businesses to attend trade shows; and developing new workshops (e.g. accessing finance/approaching banks; weekend start up course; going into business; retail; procurement; and understanding financial records).

Financial Support

- 4.9 Moray Council does not have any specific funding schemes in place in relation to business support. Whilst businesses with high growth potential and who require a minimum of £25,000 in funding are directed to HIE, there is no support at present for businesses operating at a smaller or more local level in Moray. However, the launch of the ESIF in Moray in July 2010 (see below) will provide eligible local businesses with the opportunity to access loan funding over the next few years. Moray Council is also in the process of developing a business plan for setting up a scheme to provide assistance to smaller, rural businesses in the area; this is likely to be developed using Moray LEADER funding and will not cover the CNP part of the Moray area. <http://www.moray.gov.uk>
- 4.10 **East of Scotland Investment Fund (ESIF Ltd)** – this is a new £5 million fund, due to be launched in Moray in July 2010 that will offer loans to growth businesses in the East of Scotland. Twelve local authorities in the East of Scotland will participate in the scheme, including Moray Council. The 12 local authorities have contributed £3 million of funding to the scheme, with ERDF contributing a further £2 million. The fund will provide eligible businesses in the participating areas access to local loans of up to £50,000.
- 4.11 The proposal to establish a loan fund for businesses in the East of Scotland was initiated by Fife Council and was based on an existing scheme that has been operating across a number of local authorities in the West of Scotland for over 12 years. It was proposed to set up a similar fund for the East of Scotland as a response to the current economic climate, where banks have become more cautious about lending. The cost of borrowing has significantly increased, making finance even more constrained for many start-up and growing businesses. Given that the supply of loan finance is unlikely to improve over the next few financial years, the 12 local authorities agreed that the establishment of a specific fund to support businesses could help the economy to grow.
- 4.12 The loan fund objectives are job creation/safeguarding jobs, business start up, business growth and gap funding. Moray Council is contributing £80,000 per annum towards this Fund for the next three years. This contribution will provide a Moray loan fund starting at £220,000. Loans will usually be repaid over three to five years, but may extend to seven years. The interest rate has not yet been agreed. The ESIF is modelled on the West of Scotland Loan Fund and is a company limited by guarantee.
- 4.13 Applications to the Loan Fund should be made directly to the representative officer within the area which the applicant is in or proposing to trade from. The officer will carry out a full appraisal of the application and recommend whether to approve or refuse (based on the agreed lending criteria of the Fund) to the Council. Thereafter, the decision will be conveyed to the applicant with an indicative loan offer. Security will be required for loans above £20,000.

- 4.14 Applications will be channelled through Business Gateway Moray. As highlighted earlier, the Business Gateway service in Moray is delivered by HOL under a shared service agreement with Highland Council. HOL has many years experience of successfully providing loans to businesses on behalf of Highland Council.
- 4.15 Following discussions with Highland Council and HOL, it is proposed that HOL will screen applications for eligibility, assess them and make recommendations to Moray Council in a similar way to applications made to Highland Council; a panel established by Moray Council will make the final decision. HOL will also provide an after-care service to the successful applicants for the duration of the loan. While the ESIF Fund Company will be responsible for promoting the Fund, Business Gateway Moray will be expected to advise and assist applicants with business plans and applications. It is expected that most referrals will come through the Business Gateway.
- 4.16 Once a loan is agreed, the ESIF will be responsible for providing the funds, collecting payments and any other associated administration. The ESIF will operate for an initial five-year term. Although the criteria, costs, terms and application process are still to be finalised, they are expected to be similar to that of the West of Scotland Loan Fund. This particular fund offers loans up to £50,000 for businesses that have been trading more than two years and up to £30,000 for businesses operating less than two years. Loans may be used for working capital, purchase of plant and equipment or purchase of business property. Finance is restricted to eligible sectors, which are under constant review.

Other Business Support

- 4.17 Moray Council operates a **Funding Support Website** – the aim of the site is to provide information and support for accessing funding for activities which fall within Moray Council's Services Plans. Advice and assistance is provided on European, Lottery, Central Government or Trust funding to all Council services, partnerships and community projects to help maximise funding, which directly assists the local economy and/or community. Support is also provided to set up systems, which ensures that externally funded projects meet funders' grant conditions, are able to claim their full award and monitor the effectiveness of their activities. The Moray Council is also represented on various committees and initiatives dealing with European and Lottery funding to ensure that Moray's interests are included in relevant areas.
<http://www.morayfundingsupport.org/>
- 4.18 Moray companies can participate in the **Grampian Food Forum Innovation and Business Growth Programme**, which is led by a co-ordinator based at Aberdeenshire Council. This is a comprehensive business development programme which provides food and drink businesses with the necessary competence, skills and knowledge to achieve their growth ambitions through innovation, adding value, new market development and quality improvements. The Forum ran a series of workshops in April 2010 and will do so again in 2011.
- 4.19 The programme is open to food and drink companies based in Aberdeenshire, Aberdeen City and Moray and will include presentations by guest speakers who will share experiences and best practice and awareness visits, with a key focus throughout the programme will be on innovation. The workshops will provide practical working

sessions with the participants, and topics scheduled in the programme include: farmers' markets and direct marketing; exhibition and event management; public relations; pricing, profitability and business growth; packaging and labeling; best practice visits; product evaluation/product and marketing testing; approaching your customer; and development plans and summary. The programme is particularly suited to recently established food or drink companies or companies with less than 25 employees. Each half-day workshop takes place on a Wednesday between 12pm and 5pm. The cost per delegate for the total programme is £200.

<http://www.aberdeenshire.gov.uk/support/food/events/businessgrowthprogramme2010.asp>

Highlands and Islands Enterprise

4.20 Highlands and Islands Enterprise is the Scottish Government's economic and community development agency for the Highlands and Islands of Scotland. HIE aims to build sustainable economic growth in all parts of the Highlands and Islands. It is focused on three broad areas of activity:

- Supporting significant and high-growth businesses and sectors, so raising regional and local growth rates.
- Strengthening communities, especially in the fragile parts of the area.
- Creating the infrastructure and conditions to improve regional competitiveness.

<http://www.hie.co.uk>

4.21 HIE has a local office located in Forres that serves the Moray area.

Assistance to Businesses

4.22 HIE account manages high growth and locally significant businesses in each of the individual economies that make up the Highlands and Islands. It also leads and works with partners to deliver transformational projects which can have a significant economic impact beyond local markets. It helps ambitious businesses to grow and become more successful by supporting key industry sectors and developing the business environment to enhance the Highlands and Islands economy. In supporting businesses within the area, HIE's key objectives are to:

- Stimulate greater entrepreneurial dynamism and creativity.
- Develop the knowledge economy.
- Make the Highlands and Islands a globally attractive and connected location.
- Achieve global success in key sectors.

4.23 Support is targeted towards the business sectors that are particularly important to the area and which offer the best potential for achieving sustainable business growth, namely: creative industries; energy; financial and business services; food and drink; life sciences; and tourism. HIE also supports businesses in other sectors, provided they have ambition and potential to achieve high growth.

4.24 HIE has developed an account management approach and is focusing on working closely with around 500 businesses across the Highlands and Islands which can operate regionally, nationally and internationally, helping them to improve competitiveness and

productivity. Assistance is targeted towards businesses which will achieve the greatest impact for the regional economy. This includes helping businesses to improve their skills e.g. in leadership; international business; innovation, research and development; investment finance; adoption and use of technology; and people and skills development (there is no minimum level of intervention for these forms of support).

- 4.25 Financial support related to capital investments may be provided in the form of loans, equity investment or, in some cases, capital grants. Given the focus on high growth businesses, the minimum capital grant available is £25,000. However, within its fragile areas (none of which are within the CNP) the minimum grant threshold is £5,000.
- 4.26 Where existing programmes and tools used by partner agencies such as Scottish Enterprise and Scottish Development International are appropriate for Highlands and Islands businesses, these are actively promoted as business solutions. This also builds on the success of developing joint account management teams for key clients with a presence in the Highlands and Islands and Scottish Enterprise areas.
- 4.27 A key part of HIE's role is also to make connections for businesses with other sources of growth capital, through developments with venture capitalists and business angels. This is an under-developed sector within the Highlands and Islands and as such provides potential to expand to meet increased demand from the right type of business activity. Over the period 2009-12, HIE will be reviewing its approach to taking equity in a business and potential for its existing portfolio to reflect the emphasis on high growth.
- 4.28 Further details of some of the products, services and support that HIE offers to businesses are provided below. <http://www.hie.co.uk/businesses>
- 4.29 **Business support** – HIE provides information on knowledge transfer, technology, entrepreneurship, research and development, funding and events to support business growth. This includes:
<http://www.hie.co.uk/innovation>
- Knowledge transfer – this is the exchange of information through networks, transferring good ideas, research results and skills between universities, other research organisations, businesses and the wider community to enable innovative new products and services to be developed. As part of this, HIE offers a variety of support in the form of advice, programmes and funding opportunities to businesses of all sizes. This includes **Business Innovation Grants**, which are aimed at building relationships between Highlands and Islands based businesses and academic institutes. Grants of up to £5,000 are available to businesses in the Highlands and Islands area to support collaborative projects between businesses and academia.
 - Support for Research and Development – a variety of support and funding is available to help businesses of all sizes in the Highlands and Islands engage in research and development and innovation. This includes:
 - Regional Selective Assistance (RSA), the main investment grant scheme for businesses in designated areas of Scotland (the 'assisted' areas). An eligible investment project must relate to setting up a new establishment, extending an

- existing establishment, diversifying into new additional products or a fundamental change in production process.
- SMART:SCOTLAND, which provides financial assistance to SMEs to help support projects which represent a significant technological advance for the UK sector or industry concerned. Grant assistance can be provided to support technical and commercial feasibility studies and/or research & development projects. Technical and commercial feasibility studies should involve early stage research and development, the outcome of which will enable informed decisions on the technical and commercial feasibility of a new product or process. Support for technical and commercial feasibility studies is available on a discretionary basis at 75% of the eligible project costs. Projects must last between 6 and 18 months and the maximum grant is £70,000. Research and development projects may be supported that aim to develop a pre-production prototype of a new product or process. Support for such projects is available on a discretionary basis at 35% of the eligible project costs. Projects must last between 6 and 36 months and the maximum grant is £600,000. Any SME that meets the SMART:SCOTLAND eligibility criteria may apply for a SMART Research and Development Grant, irrespective of whether they receive support under SMART for a Feasibility Study.
 - HIE R&D funding scheme – this scheme supports small, medium and large enterprises undertaking research and development, even if the innovation is new only to the individual business. The product need not be innovative within a national context. The scheme can provide grant assistance to support fundamental research, industrial research or experimental development.
 - Technology – support, advice, programmes and funding options are available through HIE for businesses of all sizes looking to use technology to help business growth and improve efficiency. This includes “Byte the Bullet”, a three year (plus one) business transformation programme which adopts a ‘business first, technology second’ approach. The objective of the programme is to ensure that ICT or e-business initiatives are fully aligned with, and supportive of, the core business objectives and strategy of the participating SMEs. It is not about a new or improved website; it is about taking a holistic approach to embed strategic and operational planning, process change and new and existing technologies into a business. It is designed to improve the productivity, efficiency, and competitive advantage of SMEs, with an emphasis on delivering measurable return on investment from technology implementations.
 - Entrepreneurship – HIE offers a variety of programmes, workshops, courses and events to stimulate and develop entrepreneurship and business skills, often run in partnership with business support organisations and academic institutes such as the University of the Highlands & Islands (UHI) and the Massachusetts Institute of Technology (MIT) Sloan School of Management
 - Business Mentoring – Business Mentoring is a service that is provided through the partnership of Scottish Chambers of Commerce (SCC), HIE and the European Social Fund through the Highlands and Islands Partnership Programme (HIPP). Business Mentoring aims to work principally with businesses that are seeking to develop and grow. The Mentors are experienced business people from a range of sectors and industries with their own unique blend of business and life experience and crucially,

each has a burning desire to 'give something back' and support businesses and the economic growth of Scotland. Mentors provide their time on a voluntary basis and the service is provided free to businesses that meet the criteria.

- Networking – HIE works to stimulate and support the development of a thriving and sustainable entrepreneurial business network in the Highlands and Islands, where the eco-system includes ambitious businesses, business support organisations, self-sustaining entrepreneur cohort group and international links and contacts
- MIT Business Growth Programme – in partnership with the Massachusetts Institute of Technology (MIT), HIE has launched a new Business Growth Programme for Highlands and Islands businesses, which supports businesses to grow in scale, size and ambition. The Programme includes a series of workshops, week long intensive immersion courses, year-long mentoring programmes, access to research students and projects and connection to an international network of experts, markets and customers.

4.30 Find new markets – information and advice on exporting support for Highlands and Islands businesses and trade partners at a local, national and international level. HIE works with SDI to help businesses in the Highlands and Islands develop their international trade by offering a range of support services to assist businesses who are entering new markets for the first time or looking to expand their overseas operations. During 2009, HIE enhanced and expanded its partnership collaboration with SDI. An SDI Regional Manager is now based in Inverness and is integrated with HIE's International Development Team. Three additional senior development executives have also been recruited to provide specialist support for the food & drink, life sciences and tourism sectors, joining the existing energy specialist in providing regional alignment of SDI resources to businesses in the HIE area. The food and drink specialist is based in Inverness, while the others, with their efforts clearly aligned to developing investment and trade opportunities for businesses in the HIE area, are located in Dundee and Glasgow in a "virtual team" capacity. Support provided by HIE in respect of finding new markets includes: <http://www.hie.co.uk/find-new-markets>

- International Strategy Development – HIE/SDI offers a range of interactive programmes designed to help companies develop a strategy for international growth or to review current strategies, each tailored to the specific needs of the participating company.
- International Mentoring – companies with limited international business experience often need a helping hand to seize the opportunities that doing business internationally presents; mentoring can play a big roll in addressing these issues. HIE/SDI therefore offers a variety of schemes that can assist businesses through the provision of mentoring support.
- International Exhibitions, Missions and Learning Journeys – HIE/SDI provide support for these activities, which offer excellent opportunities for personal introductions to new business partners, overseas buyers and agents or distributors.
- Overseas Market Support – this can help businesses move towards trading internationally by facilitating a company's understanding of conditions on the ground.

HIE provides a range of market reports and further information to businesses looking to conduct initial research internationally.

- International accommodation packages – eligible Scottish businesses have access to on site incubation, meeting rooms and support services provided by SDI at key locations in the USA. Outside these locations it works with office giants Regus, to provide discounted office space at more than 950 centres across the world.

4.31 **Key industry sectors** – HIE targets support towards the key industry sectors, as identified in the Scottish Government Economic Strategy (i.e. creative industries; energy; financial & business services; food & drink; life sciences; and tourism, as well as universities) which have the greatest potential to boost sustainable economic growth across the Highlands and Islands.

<http://www.hie.co.uk/Key%20industries/sectors.html>

- In terms of **Food and Drink**, HIE is fully engaged in taking forward a national strategy for food and drink and works closely with industry bodies on business engagement and growth. However, there are emerging concerns on the effects of the global economic downturn and possible threats to employment levels in the sector. HIE works closely to ameliorate these threats where possible. HIE's efforts to support growth in this sector focus on business leadership, collaborative supply chains, industry communication and sustainability. HIE plays a key role in taking this work forward at a national level with partners including Scotland Food and Drink. In addition, HIE supports the account management process with expert knowledge, market intelligence, advice and networks.
- **Tourism** remains a key sector for HIE and one that can make a significant contribution to a competitive region. Working with partners, especially VisitScotland, HIE is a key player in meeting national ambitions of a 50% growth in the value of the sector equating to an additional £600m expenditure into the region. The drivers of this growth are developing world class destinations, accelerating targeted inward investment propositions and developing support mechanisms to enhance business leadership and productivity. HIE also works on a select number of larger, strategic projects that offer significant growth opportunities at the regional level, such as the development of the marine tourism product and the cruise ships market.

4.32 HIE also operates **Learningworks** – a website providing an online training and learning resource for businesses in the Highlands and Islands. It provides information, support and resources to help businesses and their workforce to develop skills to enable them to grow. It provides a range of diagnostic tools relating to organisational development, managerial skills, information technology, communication, personal development, training and learning, and core business skills. It also enables businesses to explore a range of short and long-term courses of relevance to their business; and information on funding sources, the labour market, sector skills etc. The facility also hosts podcasts and a series of “virtual conferences”, which are expert led seminars broadcast live via the internet, enabling businesses to enjoy the benefits of participation at an event without the cost and time spent away from the workplace. The seminars typically involve speakers who are well known in business, with topics including

entrepreneurialism, building a successful brand, global sales and marketing, and how firms cope with recession.

<http://www.hie.co.uk/learningworks>

Working with Communities

- 4.33 HIE also focuses on stimulating the growth of the social enterprise sector across the Highlands and Islands. Social enterprises, which come in many forms and provide an extensive range of services, are predominantly community-based businesses that intentionally trade for profit that can be re-invested in further community growth. Through a process of more intensive account management, HIE focuses on those social enterprises which appear to have clear promise of both economic and social growth.
- 4.34 Support services to the social enterprise sector are provided through HIE's contract with the Highlands and Islands Social Enterprise Zone Community Interest Company (HISEZ), which provides expert one-to-one advice to area office clients and whole-sector activity including conferences, newsletters, training and networking events. Promotional and support work is closely aligned to the Scottish Government's policies and funding programmes such as the Scottish Investment Fund. HIE also works with HISEZ, the Social Enterprise Academy and other partners, including the Scottish Government, to support social entrepreneurs.
- 4.35 HIE works with communities to help them achieve aspirations of indigenous growth, entrepreneurial activity and community confidence. HIE provides support to communities in a number of ways, including:
- Community land unit – the aim of HIE's community land team is to increase the role of communities in the ownership and management of land and land assets, and the sustainable management of these resources for the benefit of the community (see next section for further details).
 - Community assets – this includes land, the environment and infrastructure owned, managed or impacted on by the community. By encouraging community-based options for the use of these assets, HIE can increase the capacity of communities to undertake their own local development.
 - Strengths and leadership – the enthusiasm and internal drive of communities are vital to the development process. HIE helps communities to acquire leadership skills, recognise and develop their strengths and grasp economic opportunities. A key element for developing the strengths and leadership capabilities of rural communities in the Highlands and Islands is through the use of European programmes, particularly LEADER + which is one of the main initiatives aimed at encouraging community-based economic and social development. This programme complements other HIE activity by focusing resources on small scale, locally developed action plans.
 - Culture and heritage – HIE undertakes a broad range of activities, at its own hand and in partnership with others, which aims to sustain and develop the area's cultural and heritage resources.

<http://www.hie.co.uk/strengthen-your-community.htm>

Community Land Unit

4.36 The Community Land Unit (CLU) was established by HIE in 1997. Its aim is to increase the role of communities in the ownership and sustainable management of land for the benefit of the community. In the process of achieving its aims and objectives, the team seeks to support a diverse range of community-led initiatives, often involving innovative solutions. The objectives of the community land team are to:

- promote community-led land purchase or management initiatives, including management agreements and other partnership arrangements with existing owners – the team works practically with landowners and community organisations in exploiting opportunities, where these have the potential to lead to long-term, sustainable, socio-economic and environmental benefit for local communities. The concept is also promoted through support of conferences, case study work and a database of initiatives designed to stimulate new activities based on existing experience.
- provide advice and support for community land initiatives, incorporating the exchange of best practice – community involvement in land initiatives progresses through a series of stages comprising community preparation; project development and planning; bid/contract preparation; final acquisition/contract/partnership; and project implementation. Advice and support services are offered by a range of partner agencies at all stages of the process. This includes local authorities, Scottish Natural Heritage, Forestry Commission Scotland and HIE local area offices. The CLU works in partnership with agencies and non-governmental organisations to maximise the integration of existing mechanisms, in an effort to provide a comprehensive response to communities requiring advice on land purchase and asset management.
- build capacity in community land initiatives and further their sustainability – community land initiatives often require additional support. HIE offers a range of post-acquisition support, including skills development and networking opportunities. The Scottish Community Land Network is funded by HIE to provide an online communication and resource tool for all those involved or interested in community land and land asset management.
- contribute to the research and development of policies related to community land initiatives – CLU undertakes a wide-ranging programme of research, in addition to preparation of responses to proposed legislation. Recent research supported includes a feasibility study into applying for National Park status for Harris and a study into meat processing opportunities for South Uist. Future research activity will include further work on identifying revenue-generating and capacity building opportunities for remote communities including opportunities for international exchange of experiences.

4.37 The CLU specialises in providing advice and funding for:

- **project planning and start up** – investigating possible community ownership options;
 - **land and asset acquisition** – acquiring assets including land, buildings, transport, sporting rights;
 - **post-acquisition support** – managing and developing assets; and
 - **aftercare** – building up skills and expertise for successful community asset management.
- 4.38 CLU also organises training courses through its Skills Development programme; provides funding for groups to undertake exchange visits; and provides opportunities for groups to network and learn from each other's experience.
- 4.39 The CLU's skills development programme is run to assist community groups to access training to help them manage their assets more efficiently and effectively. Training can be in practical, managerial or other skills suited to the group's needs. The programme runs on three levels: it can assist groups to attend relevant training courses and events; it can encourage groups to host training events for community land initiatives; and it can also organise larger scale training events and courses. All training must be relevant to managing community assets; assistance is discretionary and subject to available budgets.
<http://www.hie.co.uk/CommunityLand.htm>

Economic Recovery

- 4.40 HIE continues to work closely with the businesses and communities of the area to help them adapt in response to the global economic downturn. It will ensure a flexible and adaptable approach in the delivery of business support services to reflect the changing economic situation. As part of the public sector response to the recession, HIE's contribution currently focuses on the following areas:
- **Advisory services** – HIE will provide specialist advice to significant businesses and those with growth potential in addition to access to national support bodies such as the Scottish Manufacturing Advisory Service and Scottish Development International.
 - **Economic and business reviews** – HIE will commission independent research and work closely with the business community, banks and representative bodies in the Highlands and Islands to collate good quality business intelligence to improve its understanding of the impact the global recession is having on the Highlands and Islands.
 - **Business masterclass/virtual conference programme** – high profile keynote speakers will address business people on issues identified by the business community as being of particular relevance in the current climate. The events will be webcast live and can be accessed worldwide. Early conferences covered business survival through a recession and financial management in recession with future events covering motivating staff, lean business processes, sales and marketing and energy use and waste minimisation.
 - **Business mentoring programme** – HIE, in partnership with the Scottish Chambers of Commerce, will provide a support mechanism for business to business mentoring.

The programme will provide practical support for new and growing businesses. Additional support is also available through the Institute of Directors Development Programme.

- Investment – in selected cases HIE will consider the use of De Minimis or Interest Relief Grant (IRG) support to complement lending from other sources. Any business which is of significant importance to the local or regional economy which can demonstrate it has a sustainable future may be considered for support.
- Investor readiness programme – HIE will provide support to growth businesses seeking to prepare an investment portfolio. Support will include assistance with the cost of engaging professionals to prepare projections, undertaking sensitivity analysis, market research etc and assistance with the professional presentation of such information.
- Development opportunities for social enterprises – HIE will work with Business Gateway and community interest company HISEZ to provide support to social enterprises to enable them to identify potential opportunities to ensure lifeline facilities and services in rural communities which may be at risk as a result of the current economic climate.
- Enhanced PACE arrangements – HIE is working with key partners to ensure the delivery of an enhanced PACE (Partnership Action for Continuing Employment) service across the Highlands and Islands aimed at proactively engaging with businesses to avoid or minimise potential job losses in addition to the delivery of a reactive service to individuals affected by redundancy.

UHI

HI Links Project

4.41 UHI operates the HI Links project, which aims to enable businesses in the Highlands and Islands to develop new products, processes and business ideas through accessing the knowledge, expertise and know-how available in Scotland's academic sector. The project is jointly funded by UHI, HIE and ERDF funding. It helps businesses develop and prosper through greater access to the knowledge, expertise and technology available in Scotland's universities, colleges and research institutes. Greater access to research and development resources through collaborative projects will provide businesses with a competitive advantage by, for example:

- developing new added value products or processes
- providing the business with new technology or business systems
- reducing costs
- developing new markets
- increasing sales
- improving efficiency

4.42 The project provides support for businesses in the form of free advice and guidance that is ongoing, impartial and confidential. Support in connection with the HI Links project and its partners includes:

- **Personal Consultations** – HI Links will undertake initial visits to understand more closely the needs of the business.
- **Bringing Academic Experts To Local Businesses** – local events across a variety of business sectors take place throughout the Highlands and Islands, bringing renowned experts to local businesses wherever they may be in the region.
- **Technology Brokering** – the HI Links team will search the Scottish academic research base to locate the expertise required by a business and will broker and facilitate introductions.
- **Learning Journeys** – funding is available to bring academics and businesses together to discuss potential projects.
- **Project Funding Sources** – HI Links may be able to assist in finding the most appropriate funding for a project. It will help to access the funding available to develop the business, depending on the scope and scale of a proposed project.

<http://www.hilinks.uhi.ac.uk>

Highlands and Islands Social Enterprise Zone

4.43 The Highlands and Islands Social Enterprise Zone (HISEZ) is a social enterprise support agency based in Inverness and covering the Highlands and Islands. It is part-funded by the ESF. It provides advice and guidance to social enterprise organisations that are looking to expand and develop or for aspiring organisations interested in exploring the social enterprise option.

4.45 HISEZ provides organisations with a range of information relating to social enterprise, such as what it is and what the differences are between it and private business; why and how to become a social enterprise; legal advice; and information on funding and financing a social enterprise. It can help an organisation: determine its business needs; establish contacts; highlight training opportunities; and identify suitable funding sources. It also promotes various courses and events that may be of relevance to interested organisations. <http://www.hisez.co.uk>

Other Business Organisations

4.46 Over the years a range of membership-based and business-related organisations have been established across the CNP, ranging from general business interests to groups of businesses with a specific area or sector focus. This includes Glenlivet and the Cairngorms – which focuses on promoting and marketing the Tomintoul and Moray area of the CNP. This organisation will be working closely with recently formed Cairngorms Business Partnership, which was launched in April 2010, and details of which are provided in Section 2. <http://www.highland-holidays-scotland.co.uk/>

European Structural Funds

4.47 General background on European Structural Funds was provided in Section 2. In the Highlands and Islands, the ERDF and ESF programmes are delivered under the

Convergence Objective, with intervention focused on modernising and diversifying economic structures, as well as safeguarding or creating sustainable jobs. The Highland and Moray parts of the CNP are eligible for funding under the Highlands and Islands Programmes, the key functions of which, are administered on behalf of the Scottish Government by the Highlands and Islands (Scotland) Structural Funds Partnership Ltd (HIPP). <http://www.hipp.org.uk>

Highlands and Islands Programme Priorities

- 4.48 The ERDF programme in the Highlands and Islands has a vision for “prosperous, inclusive and self-sustaining communities, where the unique cultures, traditions and environments are enhanced and the region makes a distinctive contribution to Scotland, the UK and the EU competitiveness through supporting people, place and prosperity”. The programme is focused around the following three priority areas:
- Priority 1 - Enhancing business competitiveness, commercialisation and innovation;
 - Priority 2 - Enhancing key drivers of regional and sectoral sustainable growth; and
 - Priority 3 - Enhancing sustainable growth of peripheral and fragile areas.
- 4.49 The key economic sectors considered under the programme in the Highlands and Islands are renewable energy and other energy-related activities; tourism and culture-based businesses; food and drink; forestry; and life/health (and other) sciences.
- 4.50 The vision for the ESF programme in the Highlands and Islands is “to contribute towards sustainable growth in the size and skills of the region’s workforce within the Lisbon jobs and growth framework, through developing the knowledge-based economy of the region”. There are three priority areas for assistance through this programme:
- Priority 1 - Increasing the workforce;
 - Priority 2 - Investing in the workforce; and
 - Priority 3 - Improving access to lifelong learning.

ERDF/ESF Funded Projects

- 4.51 The ERDF and ESF programmes currently in operation in Scotland are being delivered over the period 2007 to 2013. To date, there have been four rounds of funding approved for both programmes in the Highlands and Islands, with the most recent approvals announced in January 2010. Some specific projects that have received funding under the different ERDF/ESF funding rounds announced to date and which may be of relevance to business and community support in the Moray part of the CNP are highlighted below (details of funded projects that may be of relevance to the whole CNP are provided in Section 2).

ERDF-funded projects

- **Highland Birchwoods – Renewable Heat Advice and Business Support** (announced March 2009). This scheme will cover the **Highlands and Islands** area (i.e. Highland and Moray) of the CNP. The project is aimed at improving the effectiveness and integration of renewable heat generation across the Highlands and Islands. It is a three-year initiative which aims to provide a comprehensive and impartial advice service for all aspects of woodfuel supply and utilisation. The ERDF programme in the Highlands and Islands has awarded £116,400 to the project.

ESF-funded projects

- **Social Enterprise Academy – Developing Leaders for Sustainable Communities.** This project is a leadership development programme covering the **Highlands and Islands** area (i.e. Highland and Moray) of the CNP. The ESF programme approved £304,400 to this project in Spring 2008; HIE and the Scottish Government also provided funding. The project will run for three years and will support social enterprises and community based SMEs to gain the leadership and enterprise skills needed to create and grow their businesses in the Highlands and Islands. The programmes offer learning and development in leadership skills, business tools and measuring the social, environment and economic impacts of business.
- **Scottish Agricultural College – Delivering Business Skills to Rural Areas.** ESF funding of £37,500 was awarded for this project in Spring 2008, with match funding provided by HIE and the Scottish Government. This project covers the **Highlands and Islands** area (i.e. Highland and Moray) of the CNP. It makes funding available to cover or assist with the costs of some training courses for people working in land-based industries. This ensures that people working in remote areas are not disadvantaged by the cost and time needed for travelling to attend a course, or the cost of arranging and getting trainers to remote places. The SAC can also help by finding the right course; getting people together to ensure a course runs locally; and finding good trainers and training companies.
- **Moray College – Customers First, skills for the hospitality and tourism sector.** The Moray Hospitality Academy at Moray College has introduced a number of new courses in 2010, including City and Guilds Introductory Certificate in Hospitality Customer Service; and Institute of Leadership and Management Level 2 Team Leading Award (which is aimed at individuals currently leading a team or looking for promotion within a hospitality or tourism business). Both these courses are fully funded through Moray College and ESF. The Highlands and Islands programme approved £52,542 towards this project in January 2010.
- **Inverness College – Promoting Enterprise and Innovation in Further Education.** The Highlands and Islands ESF programme approved funding of over £21,000 for this project in January 2010. The project is being delivered by CREATE, a new enterprise centre that was established at Inverness College in August 2009. The centre is dedicated to enterprise learning and enterprise initiatives for all students. Although it is based at Inverness College Midmills campus, its services will be available throughout each College campus and associated learning centres. The project will engage PSYBT, HISEZ and the Business Gateway with students, develop website pilot short courses in enterprise and produce marketing and promotional materials.
- **Springboard Charitable Trust – Increasing the Workforce in Scotland’s Highlands and Islands.** This project was awarded almost £664,000 under the Highlands and Islands ESF programme in January 2010. The project is a training and development programme for people who want to get into work in the hospitality, leisure, travel and tourism (HLTT) sector. It aims to provide guidance and deliver core skills in training in the HLTT industry; this includes delivering courses and other bespoke workshops with follow-up guidance and mentoring in job seeking.

5.0 ABERDEENSHIRE

Aberdeenshire Council

Business Gateway

- 5.1 Prior to the Enterprise Network restructuring in 2007/08, the Business Gateway service was delivered in Aberdeenshire by Scottish Enterprise. However, since April 2008 this service has been the responsibility of the local authorities in the Scottish Enterprise area. Aberdeenshire Council, along with Aberdeen City Council has contracted Enterprise North East Trust (ENET) to deliver the Business Gateway on its behalf, providing a Grampian-wide service. Aberdeenshire Council is the lead authority with responsibility for the Business Gateway services in Aberdeenshire and Aberdeen City. The main office is in Aberdeen.
<http://www.enetrust.com/home/home.asp>
<http://www.bgateway.com>
- 5.2 The Business Gateway provides a segmented approach, with contracted targets focused on the following: start up workshops; volume starts assisted (below VAT threshold); VAT-registered starts assisted; starts assisted into the growth pipeline/Scottish Enterprise portfolio; workshops for existing businesses; and existing businesses moving into the growth pipeline/Scottish Enterprise portfolio.
- 5.3 Through its website and its Business Information Executives, the Business Gateway can provide help in key areas such as market research (e.g. identifying market opportunities, profiling customers, analysing competitor activity, and sourcing suppliers), legislative issues; and identifying and developing competitive advantage or selling points. It also provides support in relation to drawing up business plans and developing strategies to achieve objectives.
- 5.4 Workshops designed for people thinking of going self employed or starting a business are delivered by the Business Gateway, and are free of charge. The majority take place in Aberdeen, with Inverurie and Peterhead the main venues for those held within Aberdeenshire. Each session lasts about three hours. The range of events delivered for business start ups includes business planning; resource planning; marketing and market research; IT for business; book keeping; becoming self-employed; self-assessment for the self-employed; introduction to VAT; meet the advisor and women into business. Free workshops are also available for existing businesses, covering subjects such as accounting and finance, marketing, e-business, customer care and general management.
- 5.5 The Business Gateway can help to identify appropriate sources of financial assistance, including European funds, through searching online databases. A further e-business service is offered, specialising in training and advice on information technology and the internet. A number of courses are offered under the e-business service ranging from how to design your own website to trading electronically.
- 5.6 In addition to the core service provision of advice and information to new and growing businesses, additional access to advisor support and seminars in response to the economic downturn has been provided through the “Survive and Thrive” project. The programme was set up to help sustain business and preserve jobs; and to assist

businesses to navigate through the difficult times and emerge equipped to face the future. This pilot project operated in Aberdeenshire, Aberdeen City and Tayside during 2009 and was delivered by the Business Gateway. It commenced with four launch events in Aberdeen City & Aberdeenshire aimed at the existing business community. Following attendance at one of the events, a business was assigned a suitably qualified adviser and offered up to 10 days advisory time. A total of 18 businesses in Aberdeenshire were assisted through the project; overall, 30 businesses across Aberdeenshire and Aberdeen City were assisted, with 20 of these receiving three or more days intensive support. The pilot has been a success and as a consequence, the programme has been extended to run until March 2011.

- 5.7 Aberdeenshire Council recently submitted an ERDF bid for additional business support funds to be delivered through the Business Gateway. In 2009, two local authority ERDF bids from other areas of Scotland, using Business Gateway core funding as matched funds, were successful in raising additional funds for business support. Based on this approach, Aberdeenshire Council and Aberdeen City Council submitted an application for European funding in October 2009. The proposal is for a £1.7 million project over 2.5 years, with a view to commencing in April 2010. The lead applicant is Aberdeenshire Council, using £997,600 of Business Gateway core contract funds, along with a £25,000 contribution from Aberdeen City Council and a £25,000 contribution from Aberdeenshire Council. This total of £1,047,600 will lever in £652,400 of European funding.
- 5.8 Should the bid for funding be successful, the services proposed in addition to the standard Business Gateway offering are:
- Investor-readiness support and assistance with preparation of business plans etc in order to access funding.
 - A grant scheme for small and medium-sized businesses to support growth strategies.
 - Promotion of E-business and E-commerce – information and advice on e-business opportunities & technology.
 - Pre-start promotion through start-up shows and rural roadshows.

Financial Support for Businesses

- 5.9 Aberdeenshire Council offers assistance to businesses through its **Support for Aberdeenshire Business (SAB) scheme**. It provides practical business advice and discretionary financial assistance (through loans and grants) to new and existing businesses (including community businesses) in the area. The scheme aims to strengthen the area's economy by encouraging the expansion of local businesses. The budget for the scheme is not sourced from EU funding, although State Aids rules still apply. The scheme can be used to match fund LEADER for business projects. The minimum grant available in all cases is £500, and for loans and grants retrospective applications will not be accepted. Only one application can be accepted in any 6-month period.
- <http://www.aberdeenshire.gov.uk>
<http://www.aberdeenshire.gov.uk/business/index.asp>
<http://www.aberdeenshire.gov.uk/support/finance/index.asp>

5.10 The scheme places importance on businesses selling outwith the area or attracting money into Aberdeenshire. Businesses must demonstrate that they are meeting the following criteria before a project will be considered for SAB funding:

- The proposal will have to bring additional economic benefit to Aberdeenshire.
- The proposal must demonstrate viability.
- The proposal must have the potential to increase employment in the Aberdeenshire area.
- The proposal must prove there is a need for top-up finance over and above what is available on the open market or within the business.
- The proposal must not have a detrimental effect on existing Aberdeenshire businesses.

<http://www.aberdeenshire.gov.uk/support/finance/sab.asp>

5.11 Rural shops that are vital to their local community may also be able to access SAB support.

5.12 Details of the range of different grants and loans available under the scheme are listed below. The scheme generally does not provide capital-related grants or loans, although it can support the installation of equipment through its Sustainable Business Grant; and interest free loans are available for the purchase of plant and equipment. There are also special provisions for the stand-alone Rural Shop Support Scheme.

- **Development Grants** – providing up to a maximum of £10,000 or 50% of the costs (whichever is the lower) to cover: non statutory training; research and development; market development; implementation of a recognised quality system; feasibility studies for business co-operatives, community trusts and social enterprises; establishment of business co-operatives, community trusts and social enterprises; and exhibition grant for first time exhibiting at a particular exhibition/trade show outwith North East Scotland, for costs of renting, setting up and running a stand.
- **Rental Grants** – providing up to six months rental or £50,000 (whichever is the lower) for the rental of industrial premises where at least five permanent jobs are being created at any one time.
- **Job Creation Grants** – grants of up to £1,000 per job are available where at least five permanent jobs are being created at any one time.
- **Sustainable Business Grants** – grants of up to £5,000 or 50% of the costs of the project (whichever is the lesser) are available to encourage businesses to install environmentally sustainable processes, including the installation of equipment. The grants are also available to encourage good practice in areas such as using renewable energy, waste management, efficient use of resources, recycling and establishing sustainable working practices.
- **Rural Shop Support Scheme** – this scheme is designed to help the development and diversification of rural retail outlets, which provide small communities with general stores and/or post office facilities, through the provision of financial assistance and other support measures. Support is generally aimed at shops that

stock everyday products and offer a lifeline service to a rural community. The scheme is open to individuals intending to open a new shop in an area where no such facility exists. Mobile shops are also eligible for assistance where a substantial part of the business is in rural areas and where they are not in direct competition with another shop. Financial assistance is available for the following: improvements and extensions to shop layout and fixtures; schemes to improve the image of a shop (e.g. shop fronts, signs, lighting and car parking); and promotion of ancillary operations that would help the overall viability of a shop. Discretionary grants can be awarded up to a maximum of £7,500, while loans may also be available to assist with some development costs and equipment. In addition, the scheme provides access to business counselling, specialist consultancy (e.g. marketing, retail) and training advice. <http://www.aberdeenshire.gov.uk/support/finance/shop.asp>

- **Loans** – are available towards the purchase of plant and equipment or for working capital. Aberdeenshire Council will not fund more than one-third of any project costs with loan finance. Interest-free loans of up to £15,000 are available for the purchase of new or used plant and equipment. Low interest loans of up to £25,000 are available for working capital. The maximum repayment period for loans is 5 years. Loans at commercial rates may be made available to businesses that do not meet the scheme criteria in full. Loan repayment holidays of up to, but not exceeding, six months may be available on a case-by-case basis. The applicant will be required to meet any loan arrangement fees or costs involved in establishing the loan and will be advised of any security requirements that are attached, e.g. personal guarantees or heritage security. Heritable security is required for loans over £25,000.

Other Support for Businesses and Communities

- 5.13 Aberdeenshire Council also operates a number of other funds that provide support to local businesses and communities. This includes the **Aberdeenshire Community Asset Fund**, which is financed by the Council and Scottish Enterprise. The fund provides 50% grants between £500 and £10,000 towards the development of community or social enterprises that are looking to develop an asset or service that will provide the organisation with ongoing income. Assistance may be provided for feasibility studies, consultants' reports, business plans and purchase of plant and equipment, as well as assets for the start of a venture. <http://www.aberdeenshire.gov.uk/support/ced/cedassetfund.asp>
- 5.14 The Council manages the **Aberdeenshire Rural Partnership Fund**, which provides core funding to large rural partnerships against a Service Level Agreement e.g. Marr Area Partnership and Royal Deeside Partnership. This helps to ensure that local organisational support and capacity building is available to community economic development groups in the area.
- 5.15 Project grants will also be considered on their merits where there is a sound case that links well with the Council's and other partners' economic development objectives. This can involve LEADER or similar support.
- 5.16 In addition, the Council has a dedicated team of Business Development Executives, industry specialists and support staff who are available to provide a wide range of advice

and information to businesses. This includes providing advice on grant and loan applications, marketing a business, trading overseas and so on, as well as signposting businesses to other funding sources.

- 5.17 During 2009, Aberdeenshire Council, in partnership with Aberdeen City Council and the Business Gateway, held a series of events to explain what support is available to businesses during the economic downturn. The “Survive and Thrive” programme provides practical advice and support in areas including strategy, business stabilisation, access to finance, marketing and business planning.
- 5.18 Aberdeenshire Council is also involved in the **Grampian Food Forum Innovation and Business Growth Programme**, with the co-ordinator of the forum based at the Council. This is a comprehensive business development programme which provides food and drink businesses with the necessary competence, skills and knowledge to achieve their growth ambitions through innovation, adding value, new market development and quality improvements. The Forum ran a series of workshops, in 2010 and will do so again in 2011.
- 5.19 The programme is open to food and drink companies based in Aberdeenshire, Aberdeen City and Moray and will include presentations by guest speakers who will share experiences and best practice, awareness visits and a key focus throughout the programme will be on innovation. The workshops will be designed to provide practical working sessions with the participants. The workshop topics scheduled in the programme include: farmers' markets and direct marketing; exhibition and event management; public relations; pricing, profitability and business growth; packaging and labeling; best practice visit; product evaluation/product and marketing testing; approaching your customer; and development plans and summary. The programme is particularly suited to recently established food or drink companies or companies with less than 25 employees. Each half-day workshop takes place on a Wednesday between 12pm and 5pm. The cost per delegate for the total programme is £200.

<http://www.aberdeenshire.gov.uk/support/food/events/businessgrowthprogramme2010.asp>

Aberdeen and Grampian Chamber of Commerce

- 5.20 Aberdeen & Grampian Chamber of Commerce (AGCC) is North-east Scotland's leading private sector, member-focused, business organisation. The Chamber represents 1,225 businesses with 90,000 employees in the private sector covering all industry sectors, ranging in size from sole traders to multi-national corporations. AGCC works at local, national and international level to provide a comprehensive portfolio of business services, support and advocacy. It is a key player regionally and nationally for lobbying, service provision and setting the business and economic agenda on behalf of its members and the business community. It is an accredited member of both the British Chambers of Commerce and Scottish Chambers of Commerce and has five affiliated Chambers: Cairngorms, Inverness, Moray, Caithness and Montrose.
- 5.21 The AGCC provides a wide range of events, products and services that benefit all of its Members. This includes: helping members raise their profile through member directories and advertising opportunities; getting expert help such as information and advice on accessing international markets, business mentoring support and access to a

free legal helpline; regular news and business bulletins; access to over 65 networking events per annum; discounted rates for training courses; and lobbying on key issues and so on.

- 5.22 The AGCC has a serious interest in representing all its member businesses throughout the region. It is very keen to provide the opportunity for businesses based outside the city area to be able to get together to network locally and to become more aware about topical matters that affect all businesses. Following a successful series of events during 2009, it is bringing another series of Business Breakfast and Networking events to a number of towns around the region during 2010. Forthcoming events include topics relating to co-operative development, agriculture and local plans. In particular, an event is scheduled for Deeside in November 2010 that will focus on food and tourism-related topics. <http://www.agcc.co.uk/>

Scottish Enterprise

- 5.23 Scottish Enterprise is the economic, enterprise, innovation and investment agency for Lowland Scotland (i.e. it covers all parts of Scotland outwith the Highlands and Islands). Its ultimate goal is to stimulate sustainable growth of Scotland's economy; to achieve this it helps ambitious and innovative businesses grow and become more successful. It also works with public and private sector partners to develop the business environment in Scotland. It delivers a range of dedicated support services locally, nationally and internationally and its activities help businesses with the appetite and capacity to grow to: improve efficiencies; access new sources of funding; and conquer new markets. It also works in partnership with universities, colleges, local authorities and other public sector bodies to achieve its goals and to maximise its contribution to the Government's Economic Strategy. <http://www.scottish-enterprise.com>
- 5.24 SE has a local office based in Aberdeen, which covers the Aberdeenshire area.
- 5.25 The primary objective of Scottish Enterprise is to deliver high quality, practical support to businesses in Scotland that will enable them to maximise their contribution to economic growth. It supports the Scottish Government in delivering its Economic Strategy by focusing on three key areas of activity:
- Supporting Enterprise in growth companies and key industry sectors.
 - Promoting Innovation to improve productivity and achieve competitive advantage.
 - Stimulating Investment in both physical infrastructure and companies.
- 5.26 Scottish Enterprise continues to work closely with individual companies and key industry sectors that make a contribution to sustainable economic growth and especially where the scale of growth potential can help Scotland outperform other economies and its own historic economic performance. In partnership with the private sector and other public sector agencies, it wants to help Scotland grow its stock of companies of global scale and it will work with significant and growth companies and key industry sectors to achieve this.
- 5.27 It has responded to the direction of the Government Economic Strategy in placing increasing emphasis on the six specific industry sectors: life sciences, energy, creative

industries, financial and business services, food and drink and tourism, as well as the technologies that support or “enable” their development.

- 5.28 Following the restructuring of the Enterprise Networks in response to the reforms announced in 2007 by the Scottish Government, Scottish Enterprise has been given a very clear remit to focus on priority sectors and on supporting those businesses, of whatever size, that have high growth potential and that are important to the national or regional economy. Scottish Enterprise therefore works proactively and selectively with a much smaller number of businesses than previously, predominantly those with whom it has, or will establish, an account management relationship. This means that for the majority of firms, including those serving mainly local markets, public sector advice and/or guidance should be sought through the Business Gateway, overseen by local authorities.

Enterprise

- 5.29 Over the period 2009-2012, Scottish Enterprise will continue to concentrate its activities on those businesses where it knows it can make an appreciable difference to their growth performance. While Scottish Enterprise will support growth businesses that can achieve scale from all industry sectors, it anticipates that a high percentage will be drawn from the key industry sectors.
- 5.30 For each growth company that Scottish Enterprise supports, it appoints an account manager to ensure that the full range of its services is made available effectively and efficiently including advice on strategy development, business efficiency, workforce development and internationalisation.
- 5.31 One of the key elements of Scottish Enterprise’s work with businesses is the focus on improving a company’s internal leadership and management capabilities and how they develop and use the skills of their workforce; and more generally, to manage change effectively, address barriers to growth, exploit new opportunities such as acquisitions and mergers, expand markets and adopt innovative processes and systems.
- 5.32 Scottish Enterprise, Highlands and Islands Enterprise and the Scottish Government jointly support Scottish companies to break into international markets and help attract overseas investors to Scotland through the work of SDI. Its focus remains on working closely with account managed businesses to support them in exploiting international opportunities. This is vital at a time when Scottish companies are likely to be searching harder for opportunities in growing markets overseas and will include working to capitalise on movements in exchange rates favourable to exports from Scotland.
- 5.33 SDI will continue to concentrate on attracting and retaining investment from companies supporting high value added employment. SDI will keep in view the relative importance of key target markets and will fully exploit its networks and capability to promote internationally the key sectoral strengths Scotland has. <http://www.sdi.co.uk>
- 5.34 Within key industry sectors, Scottish Enterprise will promote collaborative projects whether through networking, the sharing of information or through joint centres of excellence which Industry Advisory Groups believe will help those industries to grow.

Innovation

5.35 Innovation is vital to economic and business success, whether it is in technology-based high growth companies or product, service or business model innovations across manufacturing and services industries. Scottish Enterprise has contributed to the development of the Scottish Government's "Science for Scotland" and "Innovation Framework" strategies and will ensure that its activities are fully aligned with, and contribute to, the successful implementation of both. In particular, it will encourage and develop the exchange of knowledge between academia and business and support the flow of overseas investment into Scotland's research and development base. It is essential that Scotland's key sectors enhance their ability to innovate and remain internationally competitive, in both the short term (in a difficult trading environment) and in the medium to longer term in order that they can reap the opportunities from the global upturn, when it comes. In helping its customers respond to these requirements, Scottish Enterprise will focus on three main issues over the period 2009-2012:

- increasing the commercial exploitation of Scotland's existing strengths in science and research;
- stimulating innovation in the key sectors; and
- stimulating innovation in growth companies with a more integrated support service on offer to more Scottish businesses.

Investment

5.36 Scottish Enterprise will continue to invest in physical infrastructure to support the development of the key sectors over the period 2009-2012. Following its refocusing, Scottish Enterprise is now concentrating on projects of national and regional importance, ensuring that these projects must clearly enable a key industry sector to grow faster.

http://www.scottish-enterprise.com/sedotcom_home/your-sector.htm

5.37 In terms of sustainability and equality, Scottish Enterprise will focus on activities that further the sustainable economic growth agenda and contribute to the strategic objectives of sustainability, equality and regional equity. This includes promoting rural economic diversification and support the growth of rural businesses, particularly in energy, food and drink and tourism key industry sectors; and encouraging more participation in its client company work by women, ethnic minorities, older and disabled people as well as addressing specific equality issues in its priority industries such as encouraging more women into science and engineering.

Key Sectors

5.38 In respect of the **food and drink** sector (including agriculture and fisheries), the focus of Scottish Enterprise's activity between 2009 and 2012 will include:

- Supporting the growth of individual companies, and, through the leadership of Scotland Food & Drink, share the risk with partners on projects that can bring about transformational change in industry performance;

- promoting market development through its support of 300 companies to capture an increased share of premium growth markets;
- collaborating with partners, including Scotland Food & Drink and the Scottish Funding Council, to support increased innovation through the Food & Health Innovation project, capitalising on the growing health market and exploiting links with the life sciences industry;
- working with partners including the Scottish Environmental Protection Agency to support companies on waste minimisation and energy utilisation; and
- supporting increased scale within the food and drink industry. This includes looking at the environment to support mergers and acquisitions, collaborative working, available finance, supply chain models and joint marketing and distribution.

5.39 In terms of the **tourism sector**, examples of Scottish Enterprise's planned activities between 2009 and 2012 will include:

- Concentrating on promoting higher levels of innovation, providing support for business collaboration and investing in infrastructure projects at key tourism destinations, including rural Perthshire, Cairngorms National Park and Royal Deeside;
- Delivering Scottish Enterprise's Tourism Innovation Programme, including the provision of nine Tourism Intelligence Scotland resources disseminated to 6,000 tourism companies, the delivery of 60 Tourism Innovation Workshops with 600 companies participating, and 40 projects assisted through the Tourism Innovation Fund.
- Supporting product development activity in market opportunities such as golf, food, mountain biking and sailing. This will include SE support, alongside industry and public sector partners, to develop golf tourism in the run up to the Ryder Cup in 2014; stronger links with the food and drink sector to make more of Scottish food and whisky as part of the overall visitor experience and provide support for investment in activity tourism facilities.
- Supporting the development of strong industry-led tourism partnerships in the main tourism destinations within its operational area, working with the industry, local authorities and VisitScotland. Delivering investment in support of Destination Development Plans for the six key destinations including major resort developments in Perthshire and Deeside.

5.40 In addition to supporting the key industries identified by the Scottish Government, Scottish Enterprise also works with of other sectors where there are clear opportunities to sustain or strengthen Scotland's economic growth (e.g. aerospace, chemical sciences, construction, forest industries, defence & marine, and textiles).

5.41 Details of a range of specific funding schemes, programmes and services provided by Scottish Enterprise are highlighted below.

High Growth Start-ups

5.42 Scottish Enterprise has a High Growth Start-up team which works with companies cross Scotland, providing a service to high-value, technology based business start-ups. This includes technical and commercial experience and intensive hands-on support to

help businesses develop products or technologies which can ultimately lead to stronger growth. It provides intensive support to pre-start companies to ensure they have the best opportunity to maximise their ambitions. To qualify for the team's help, applicants should be:

- starting a business that will achieve a minimum £5 million valuation by the end of its third year of trading;
- have the potential to trade globally; and
- have a commitment, passion and hunger to succeed.

5.43 Scottish Enterprise will work intensively with a pre-start business to create a fully-funded new company. During this process, it will help the company to create a viable and fundable business proposition, ready to be finalised and presented to investors. The key areas the High Growth Start-up team we will help with include:

- Identifying appropriate business model – optimise route to market, channel partners, revenue model, etc.
- Identifying funding requirements, tactics and strategy.
- Preparing, revising and finalising a business plan.
- Undertaking customer/supplier visits, as necessary – make use of our extensive network of international contacts to accelerate this process, where necessary.
- Identifying funding sources and optimal balance of debt/equity/grants.
- Preparing investor presentation materials.
- Identifying suitable investors, successfully engage and undertake series of presentations.
- Securing appropriate IP advice, protection and optimal exploitation strategy.
- Identifying potential candidates for additional management team posts.
- Identifying potential non-executive directors/chairmen.
- Finalising key staffing/hiring plan.
- Finalising equity structure and completion of funding package.
- Launching your new company.
- Financial contributions towards key business development costs may also be provided where appropriate.

http://www.scottish-enterprise.com/sedotcom_home/start-your-business.htm

Business Support Grants

5.44 Scottish Enterprise can provide financial assistance to businesses through **Regional Selective Assistance (RSA)**, which is the main form of investment grant offered to businesses of all sizes in designated areas (i.e. “Assisted Areas”) of Scotland and the rest of the UK. It is the main national scheme of financial assistance to industry, helping create and safeguard jobs in the Assisted Areas of Scotland. Projects must involve an element of capital investment. Eligible project costs include expenditure on land and buildings, plant and machinery, software and, in some circumstances, the acquisition of intellectual property from third parties. In general, grants for investment projects in the Highlands and Islands are administered under various different schemes by HIE, and RSA has been rarely applied for by firms in that area. Within the Scottish Enterprise parts of the CNP (which are identified as “Tier 3” areas), RSA is only applicable to small and medium-sized businesses, with a maximum contribution of 20% and 10% respectively.

As a measure to counter the recession, Scottish Enterprise has extended the eligibility of small businesses to apply for RSA grants across the whole of Scotland. Prior to October 2009, this scheme was administered by the Scottish Government.

<http://www.scottishbusinessgrants.gov.uk>

<http://www.scottishbusinessgrants.gov.uk/rsa/208.html>

Equity Funding

- 5.45 Scottish Enterprise manages three funds that together offer risk capital investment for Scottish companies, namely: the Scottish Seed Fund (SSF), the Scottish Co-investment Fund (SCF) and the Scottish Venture Fund (SVF). Each of these funds adopts a highly innovative co-investment/shared risk intervention model to encourage more private investors and funding into Scottish early stage companies. In order to be eligible for either the SSF or the SCF, businesses must meet the following criteria:
- be incorporated;
 - have less than 250 employees;
 - have net assets less than £16 million;
 - be doing a deal which involves the sale of an equity interest;
 - be in an approved business sector;
 - fall within the EU definition of a SME; and
 - be predominantly located in Scotland.
- 5.46 The **Scottish Seed Fund** was introduced to improve the availability of finance for start-up and young growing companies in Scotland. It can invest between £20,000 and £100,000 on an equity basis in early stage businesses that meet the SSF criteria and are keen to grow. Priority will be given to businesses demonstrating high-growth potential in terms of launching new products, entering new markets and increasing employment. The fund will invest in start-ups and early stage companies at the end phase of product development and/or commercialisation. In order to be eligible for investment from the SSF, a business must demonstrate that it has explored other funding sources; secured at least one external equity investor (e.g. a business angel); and matched at least 50% of its financing requirements via private sector sources.
- 5.47 The **Scottish Co-investment Fund** is a £72 million equity investment fund set up by Scottish Enterprise to invest between £100,000 and £1 million in business deals of up to £2 million; it is partly financed by the ERDF.
- 5.48 Unlike a standard venture capital (VC) fund or a business angel, the SCF does not find and negotiate investment deals on its own; instead it forms contractual partnerships with active VC fund managers, business angels and business angel syndicates from the private sector (the SCF partner). The SCF Partner finds the investment opportunity, negotiates the terms of the deal and offers to invest its own equity cash. If the opportunity needs more money than the SCF Partner can provide, it can call on the SCF to co-invest alongside on equal terms. The SCF partner determines how much the SCF can invest in any new deal; however, the SCF cannot invest more than the SCF partner. A company looking for investment from the fund must therefore first secure funding from one of Scottish Enterprise's SCF partners.

- 5.49 The SCF investment in a company will not exceed £1 million and the total deal size should not exceed £2 million (including any debt component). The investment must be at least matched pound for pound by, and the terms obtained pari-passu with, the SCF partner. Scottish Enterprise cannot hold in aggregate more than 29.9% cent of the voting rights of a company and public money cannot account for more than 50% of the total risk capital funding in a deal.
- 5.50 The **Scottish Venture Fund** was set up by Scottish Enterprise in conjunction with the Scottish Government to invest between £500,000 and £2 million, alongside private sector partners, in company finance deals of between £2 million and £10 million. It is part funded by ERDF.
- 5.51 The SVF can only consider investment opportunities sponsored by one of its Deal Promoting Partners (DPPs) – investment partners who either bring deals to the table and offer Scottish Enterprise and opportunity to invest alongside them, or who are interested in receiving information Scottish Enterprise may have on any suitable syndication opportunities. Based on commercial terms, the SVF may match the investment made by the private sector partner in each transaction up to a maximum of £2 million, either on its own or as part of an existing syndicate. Where additional funding is required, the SVF will then be able to utilise its partner network to distribute these opportunities to organisations that have funds to invest and are looking for a supply of quality deals. The private sector partner will then select the most appropriate organisations to form the investment syndicate for that particular transaction. The private sector partner will structure the terms and conditions of the potential deal and lead the transaction to its completion. The SVF will seek to invest without partiality with the private sector partner and always on commercial terms.
- 5.52 The SVF supports a broad range of industry sectors, typically high growth companies. The only exceptions are industry sectors where the investment leads to trade displacement or activities are restricted by regulatory issues. Investments in these sectors will only be considered in exceptional circumstances where there is justification on both the commercial merits of the investment and the net additional economic impact. Generally, the SVF will only invest when:
- at least 50 per cent of the aggregate investment derives from sources other than the public sector;
 - the percentage of voting rights in the investee company available to Scottish Enterprise, as a result of the investment, is less than or equal to 29.9 per cent; and
 - the investment will benefit and make a positive contribution to the Scottish economy and where there are no trade displacement or regulatory issues.

<http://www.scottish-enterprise.com/equity-funding>

Innovation Grants

- 5.53 Scottish Enterprise provides a range of funding to assist the research and development of innovative products and processes. This includes **Research and Development Grants**, which are provided to support businesses developing new products, processes and services to improve company competitiveness and to benefit the Scottish economy. Companies of all sizes may be eligible, provided that they are based in Scotland or

planning to set up in Scotland. Projects must represent a significant innovation for the company concerned and significant risks should be associated with the challenge of developing a new product, process or service. Most sectors are eligible, with applications from traditional industries, hi-tech businesses and the service sector all equally welcome. Research and Development Grants can provide assistance to support:

- 'Industrial Research' – the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services.
- 'Experimental Development' – the acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or significantly improved products, processes or services.

5.54 Grants will be made at the discretion of Scottish Enterprise. The selection process considers a number of factors, including the nature of the research and development; whether it creates or safeguards research and development jobs; whether it links in to other local companies (perhaps for materials or specialist knowledge); whether there is a global market opportunity; and whether intellectual property has been considered. Scottish Enterprise will also look at the financial and commercial aspects of an application as well as the management expertise available to the business.

5.55 The scheme may award a maximum of 35% of the eligible project costs for grants to SMEs up to £40,000; and a maximum of 25% of the eligible project costs for both grants to SMEs above £40,000 and for all grants to large companies. Grants above £40,000 must demonstrate a positive impact on research and development jobs in Scotland. Grants to SMEs may involve European funding.

<http://www.scottishbusinessgrants.gov.uk/rsa/998.html>

<http://www.scottishbusinessgrants.gov.uk/rsa/1000.html>

5.56 In addition to its Research and Development Grants, Scottish Enterprise also manages the **SMART:SCOTLAND** scheme, which is part funded by ERDF. The scheme provides financial assistance to individuals and small and medium enterprises (SMEs) to help support commercially viable projects which represent a significant technological advance for the UK sector or industry concerned. The scheme can provide grant assistance to support: technical and commercial feasibility studies (providing up to 75% of eligible project costs up to a maximum of £70,000); and research and development projects that aim to develop a pre-production prototype of a new product or process (providing up to 35% of eligible project costs up to a maximum of £600,000). Any SME that meets the SMART:SCOTLAND eligibility criteria may apply for a SMART:SCOTLAND Research and Development Grant, irrespective of whether they receive support under SMART:SCOTLAND for a Feasibility Study. Most technologies are eligible and applications from traditional industries and hi-tech businesses are equally welcome. Grants will be made at the discretion of Scottish Enterprise. The selection process will take account of a number of factors including the technological, intellectual property, financial and commercial aspects of an application as well as the management expertise available to the business. Prior to October 2009, this scheme was administered by the Scottish Government.

<http://www.scottishbusinessgrants.gov.uk/rsa/998.html>
<http://www.scottishbusinessgrants.gov.uk/rsa/999.html>

Innovation Support Service

- 5.57 The **Innovation Support Service** is a free, impartial innovation advisory service available to all businesses in Scotland needing advice and guidance on innovation projects or activities. Innovation can be anything from developing new products and services, to improving productivity, to the benefits of new business processes and models. The support varies depending on the size and status of the business and its innovation experience. Regardless of whether a business is large or small, long term established or just starting up, science and technology based, more traditional or a service based business, innovation advice and support is available from Scottish Enterprise and its partner organisations.
- 5.58 For companies currently planning or undertaking an innovation project to develop a new product or service for the market, Scottish Enterprise's experienced innovation advisers can help by reviewing the business case and implementation plans for a project. The service provides advice and guidance on how best to develop an innovation project to deliver the maximum revenue for the business and how to make the most of available resources and any other additional support.
- 5.59 The Innovation Support Service is focused on helping with the front-end planning process and developing robust business cases for an innovation project. As well as advice and guidance from experienced innovation advisers, Scottish Enterprise will help identify and link a business to relevant partner organisations and highlight available information resources.
http://www.scottish-enterprise.com/sedotcom_home/grow-your-business/develop-your-business.htm
- 5.60 Scottish Enterprise also runs **Winning Through Innovation**, which provides a series of workshops and events across Scotland, with a compelling programme of motivational speakers drawn from exemplar companies and leading management theorists. Developed as an introduction to innovation, and to help people understand its importance and benefits, each event lasts around half-a-day and includes local company innovation examples and access to a wealth of further advice.

Tourism Innovation Fund

- 5.61 The **Tourism Innovation Fund** (TIF) provides matched funding of up to £30,000 and professional one-to-one advice to help develop and commercialise the very best innovative tourism ideas. The scheme is part funded by ERDF and is operating over the period 2009-2013.
- 5.62 TIF support is allocated through a competitive judging process, with successful projects demonstrating industry-level tourism innovation combined with a real potential to achieve significant business growth as a result (e.g. generating higher tourism spend; increasing overnight visitor numbers; getting visitors to stay longer; or extending the season outwith peak months). The intention is for winning projects to become

exemplars for Scottish tourism innovation and where possible be developed into case studies to help stimulate further innovation throughout the industry.

- 5.63 The innovative idea could be based on a product, service or business process. Financial support from TIF can contribute to costs incurred in the development of an idea (e.g. market research, producing samples, feasibility studies or preparing for market launch).
- 5.64 Although open to individual tourism businesses, TIF would particularly welcome collaborative applications from groups of businesses working together. Preference will also be given to small or medium sized enterprises (SMEs).
- 5.65 Winning projects receive a bespoke innovation support package consisting of funding and professional advice. One-to-one advice and sign-posting is also available for unsuccessful applicants.
http://www.scottish-enterprise.com/sedotcom_home/your-sector/sector-tourism/tourism-initiatives/tourism-innovation.htm

Tourism Innovation Toolkit

- 5.66 Scottish Enterprise's tourism innovation workshop programme provides tools, techniques and an experienced facilitator to help businesses generate new ideas and think more creatively. Workshops are designed to provide insights and to inspire tourism businesses to generate innovative ideas and develop new ways of working to drive growth through innovation. The Tourism Innovation Toolkit includes a wide variety of tools and activities to enhance a company's creative environment, provide idea generation techniques, foster collaboration and provide an action plan for its innovation journey. Group and In-house workshops are available and are tailored to the specific objectives of the business or group.

- **Group Workshops** – a one-day workshop can be designed for groups of companies with a geographical or business activity in common. Examples include:
 - **Destination Development - Strategic workshop** – to assist in the development of destination plans.
 - **Destination Development - Ideas generation workshop** – to help identify new/improved experiences and services for the area.
 - **Group Collaborative - Strategic session** – to clarify role of the group and identify priorities for way forward.
 - **Group Collaborative - Creative session** – brainstorming around a common topic/theme e.g. Golf/ Sailing/Whisky.

The cost is approximately £1,000 plus VAT for the group.

- **In-house Workshops** – an experienced facilitator will work with a business in a one-day interactive workshop tailored to generating innovative ideas to boost the potential of the company. It is suitable for groups of four to 16; and the facilitator will work with a company to address key issues for growth and identify priority actions resulting from the workshop. The cost is £1,000 plus VAT for each workshop.

http://www.scottish-enterprise.com/sedotcom_home/your-sector/sector-tourism/tourism-initiatives/tourism-innovation.htm

Scottish Manufacturing Advisory Service

- 5.67 As summarised in Section 2 above (2.57-2.59), Scottish Enterprise also operates the Scottish Manufacturing Advisory Service. This service can provide a thorough assessment of a company's current working methods and production techniques. SMAS advisers will also provide expert recommendations, detailing how a company can refine its methods to make its business more efficient. This comprehensive review is provided completely free of charge and is designed to help Scottish businesses compete more effectively by streamlining their manufacturing processes and incorporating innovative new thinking into their production strategies. Scottish Enterprise has increased its investment in SMAS and is doubling the number of companies who can access the service to help improve productivity by process improvements, eliminating waste and increasing efficiency.

http://www.scottish-enterprise.com/sedotcom_home/your-sector/manufacturing.htm

Workforce Development

- 5.68 Scottish Enterprise can provide advice for businesses in relation to developing the skills of their workforce. An engaged, skilled and committed workforce is necessary to realise potential and seize opportunities. Scottish Enterprise can help businesses develop existing and future leaders within the business; overcome business challenges; develop best practice in human resource management; and address barriers to growth.
- 5.69 The **Leadership for Growth** programme targets existing and future leaders of growing businesses in domestic and international markets. It runs over a six month period and includes workshops, mentoring and coaching on specific business issues. Themes include strategic leadership; organisational transformation; high-performing teams; and managing strategic relationships.
- 5.70 To help companies overcome business challenges, a **Business Mentoring Scotland** (a partnership between Scottish Enterprise and the Scottish Chambers of Commerce) service has been established. The service can assess a company's business development objectives and match the company with a business mentor that can offer appropriate support and advice. Business mentors are volunteers from a wide range of business sectors who support, stimulate and challenge a company, giving it an objective overview based on the mentor's own skills and experience.
- 5.71 In conjunction with **Investors in People (IIP) Scotland**, Scottish Enterprise can provide support to align a company's HR management practices with strategy, best practice, and nationally recognised standards.
- 5.72 Scottish Enterprise can also offer an **Organisational Development Review** to growing companies that it is already working with. This provides a strategic review of a company's workforce development requirements based on current skills gaps. Where appropriate, Scottish Enterprise will refer businesses to other public sector bodies such as Skills Development Scotland and Sector Skills Councils.

http://www.scottish-enterprise.com/sedotcom_home/grow-your-business/develop-your-business.htm

5.73 In partnership with a number of industry organisations, Scottish Enterprise is also involved in a variety of tourism-specific initiatives to develop leadership and management skills and improve industry standards. This includes the **Tourism Management Development Programme**, which enables businesses to study best practice from around the world and learn from leading experts. The programme is based on providing practical advice around the following themes: knowing your customers; developing new products and services; effective marketing; and working with others. It encompasses opportunities for all levels of business to benefit from leading-edge thinking and best practice. Businesses can also take advantage of events such as:

- Learning Journeys to allow tourism businesses to learn from those who have achieved significant success across the world;
- a Business Tourism Conference which will help companies exceed expectations by learning from successful business tourism professionals;
- a series of Tourism Masterclasses with world-class, inspirational speakers aimed at business leaders and those responsible for tourism strategy;
- short sessions called Business Insights which cover key subjects and allow participants to learn about best practice; and
- tourism-specific service quality training courses such as 100k Welcomes.

Economic Recovery Plan

5.74 Scottish Enterprise is actively supporting the Scottish Government's economic recovery plan with the investment of around £190 million in direct support for Scottish businesses over the next three years. As part of its commitment to support companies during the downturn and in support of the economic recovery plan and the challenges facing business, Scottish Enterprise has developed the following 12 point action plan:

- 1) Undertake a Business Review of all of SE's account managed companies and follow up with additional demand-led support including: financial management/capital restructuring; market development, including internationalisation; cost reduction (including lean, environmental management); workforce development; research and development; and innovation and product development.
- 2) Accelerate major projects: including SECC; Fife Energy Park; Edinburgh BioQuarter.
- 3) Increase access to risk capital for SMEs: responding to growing immediate demand for additional equity investment from the Scottish Venture Fund, Scottish Co-Investment Fund and Scottish Seed Fund.
- 4) In collaboration with local authorities, ensure Business Gateway website and Enquiry Service provide relevant business information including online diagnostic tools, information guides.

- 5) Double the resource capacity of the Scottish Manufacturing Advisory Service to provide wider and deeper engagement with business.
- 6) Provide additional independent advice on raising new capital (through greater use of existing “investor ready” product).
- 7) Increase support for exporting. More intensive work with growth companies to develop new markets (exploiting favourable trading conditions).
- 8) Increase support for inward investors: closer discussion with existing investors on retaining and developing new opportunities; and development of new leads on “consolidation” opportunities.
- 9) Active response to prevent and minimise impact of closures, especially through working with Skills Development Scotland supporting Partnership Action for Continuing Employment (PACE) initiatives.
- 10) Increase flexibility in R&D support grant, increasing aid intensity (where possible), with greater emphasis on safeguarding existing jobs.
- 11) Increase Scotland’s competitiveness in innovation: mitigate potential stalling of business innovation activity through light touch innovation grant with high aid intensity; increase innovation advice to groups of companies (e.g. expand existing approaches i.e. “Winning through Innovation”); and additional grant support for innovative high growth starts. Secure new power under the EU “Young Innovative Enterprise” scheme.
- 12) Increase focus on business to business collaboration.

Other Business Organisations

- 5.75 Over the years a range of membership-based and business-related organisations have been established across the CNP, ranging from general business interests to groups of businesses with a specific area or sector focus. This includes Royal Deeside and the Cairngorms; and the Ballater Business Association.
- 5.76 **Royal Deeside and the Cairngorms** is a fully constituted destination management organisation, which aims to promote Royal Deeside, Donside and the Eastern half of the CNP as a tourism destination. It was set up in 2005, with the aim of fulfilling a number of objectives, including to: grow tourism in Royal Deeside and the Cairngorms in ways that are economically, environmentally and socially sustainable and generate the greatest possible benefits to local communities and local businesses; provide effective training and development within Royal Deeside and the Cairngorms; and represent the views and priorities of local tourism businesses to external agencies.
<http://www.discoverroyaldeeside.com/>
- 5.77 The **Ballater Business Association** was formed in 1993 to provide a forum for the businesses and professional persons in the village of Ballater and the surrounding area. Both active business and associate members of the association have a common interest in promoting business for the benefit of the community. Working with other

organisations such as Ballater Royal Deeside, the Ballater Community Council, and the Cairngorms National Park, the Ballater Business Association is a combined voice specifically, but not solely, from a business viewpoint. The Association focuses on promoting communication between local businesses by inviting speakers to monthly meetings, exchanging ideas to promote business in the area, and discussing local issues that concern the entire community. <http://www.visitballater.com/ballaterbusiness.html>

- 5.78 Both Royal Deeside and the Cairngorms and the Ballater Business Association will be working closely with recently formed Cairngorms Business Partnership, which was launched in April 2010, and details of which are provided in Section 2. <http://www.discoverroyaldeeside.com/>

European Structural Funds

- 5.79 General background on European Structural Funds was provided in Section 2. In the Lowlands and Uplands area of Scotland (i.e. outwith the Highlands and Islands, but including north east Moray), the ERDF and ESF programmes are delivered under the Regional Competitiveness and Employment Objective. This Objective aims to strengthen the competitiveness and attractiveness of Europe's regions through innovation and knowledge-based economy; environment and risk prevention; and access to transport and telecommunications services of general economic interest. The Aberdeenshire and Angus parts of the CNP are eligible for funding under the Lowlands and Uplands of Scotland Programmes (LUPS), the key functions of which, are administered on behalf of the Scottish Government by ESEP Ltd. <http://www.esep.co.uk>

Lowlands and Uplands of Scotland Programme Priorities

- 5.80 In the LUPS area, the overall vision for the ERDF programme is “to encourage the growth of the region's economy within a sustainable development framework and thereby enable all parts of the region to contribute to achieving the Lisbon Agenda goals”. The programme operates through four priority areas:

- Priority 1 - Research and innovation;
- Priority 2 - Enterprise growth and entrepreneurship;
- Priority 3 - Urban regeneration; and
- Priority 4 - Rural development.

- 5.81 The visions for the ESF programme in the LUPS area is “to contribute towards sustainable growth in the size and skills of the Scottish workforce in line with the Lisbon Jobs and Growth Agenda, in a climate which offers equality of opportunities to individuals to achieve their full potential”. There are three priority areas under this programme:

- Priority 1 - Progressing into employment;
- Priority 2 - Progressing through employment; and
- Priority 3 - Improving access to lifelong learning.

ERDF/ESF Funded Projects

5.82 The ERDF and ESF programmes currently in operation in Scotland are being delivered over the period 2007 to 2013. To date, there have been three rounds of funding approved for both programmes in the LUPS area. The most recent round of approvals for ERDF was announced in April 2010, while funding awards for ESF were announced in May 2010. Some specific projects that have received funding under the different ERDF/ESF funding rounds announced to date and which may be of relevance to business and community support in the Aberdeenshire part of the CNP are highlighted below (details of funded projects that may be of relevance to the whole CNP are provided in Section 2).

ERDF-funded projects

- **Scottish Enterprise – Business Efficiency programme; and Rural Business Property Support** (announced April 2009). Both schemes will be available across the **Aberdeenshire** and **Angus** areas of the CNP. The Business Efficiency programme is aimed at helping growing Scottish businesses to reduce costs and improve efficiencies and was awarded over £4.9 million under LUPS ERDF. The Rural Business Property Support project (awarded £385,000 under LUPS ERDF) will provide support for capital investment in the creation of new sites or premises, or the extension or adaptation of existing buildings, for rural businesses.
- **Scottish Enterprise – Advanced Entrepreneurial and Pre Incubation Support; and Support for Young Innovative Enterprises** (announced April 2010). Both these schemes will be available across the **Aberdeenshire** and **Angus** areas of the CNP. Advanced Entrepreneurial and Pre Incubation Support will provide entrepreneurial training and support by linking businesses to universities that can assist their development. The project will aim to provide financial support to 87 enterprises potentially resulting in 352 new business start ups. Over £1.28 million was awarded to this project under LUPS ERDF. Support for Young Innovative Enterprises has been awarded over £2.8 million from LUPS ERDF. The project aims to assist 15 young technology companies with selective grant funding. The project will make use of specialists and seasoned entrepreneurs with industry expertise to advise clients on management teams, fund raising and access to markets.

5.83 Other projects announced by LUPS for ERDF awards in April 2009 and which may be of relevance to both **Aberdeenshire** and **Angus** include: **“Supporting SMEs within Scotland’s Food & Drink Sector”** (Glasgow Caledonian University); and **“Developing the ICT Business Base”** (Robert Gordon University).

ESF-funded projects

- **Aberdeenshire Council – North East Work Skills.** This project covers the **Aberdeenshire** part of the CNP. It is a three-year training project operating over the period 2008 to 2011. It is aimed at improving the literacy, numeracy, basic skills and IT skills of employees in low paid, low skills and low qualification jobs in the food and fish processing, hospitality and tourism, care, and agriculture industries throughout North-East Scotland.

The project has been developed through a joint partnership comprising the local authorities of Aberdeenshire (lead partner), Aberdeen City and Moray. The total cost of the project is over £643,000. The LUPS ESF programme provided £280,300 to the project in April 2008, with the balance provided by the three local authorities. The Moray aspect of the project relates to east Moray (i.e. the part of Moray covered by the LUPS programme), which is outwith the CNP.

6.0 ANGUS

Angus Council

- 6.1 The Economic Development Strategy for Angus places particular emphasis on achieving sustainable prosperity within the county. Angus Council's Economic Development team encourages business growth and inward investment by advising companies on loans, grants, training, property, marketing, trade development and exporting. It provides and promotes a range of development land and property; maintains a programme of promotional activity to raise the profile of Angus and its companies; and can advise on funding projects from external sources. It recognises that some sectors such as farming, food, tourism, engineering and energy are particularly important to the local economy and support them by encouraging joint initiatives and promotional activities.
<http://www.angus.gov.uk>

Business Advice

- 6.2 In 2009, Angus Council appointed four business advisers (one full time and three part time) to work with local companies. As well as providing support to businesses in general, the advisers have a particular focus on the key sectors of tourism, sustainable energy and food & drink. The team are based in Brechin and collaborate with the Business Gateway and Scottish Enterprise.
- 6.3 The main priority for the Business Advice team is the provision of one-to-one counselling and advice to companies across Angus which are unable to access support from either Scottish Enterprise or Business Gateway. This has been of particular significance during the recession. The team undertake a wide variety of activities including:
- General encouragement and mentoring of Managing Directors and owner managers.
 - Identifying and feeding business opportunities to companies.
 - Advising on grant & loan schemes operating at a national level, such as Regional Selective Assistance, the Scottish Rural Development Programme and the Enterprise Finance Guarantee scheme.
 - Introducing companies to sources of assistance provided by Angus Council and assisting in the application process, where appropriate.
 - Assisting in developing and articulating the business case in relation to major planning applications.
 - Encouraging and creating opportunities for companies to collaborate at a sectoral level.
- 6.4 Efforts have been made by the Council to ensure that the Angus business community is aware of the business support services, through participation in business events and the distribution of a "Council Services to Business" document which summarises all the current support mechanisms provided by the Council. Considerable effort has been made to ensure a good working relationship with advisers at both Business Gateway and Scottish Enterprise, in order to avoid duplication of effort and to ensure clarity of service provision for clients.
http://www.angus.gov.uk/services/View_Service_Detail.cfm?serviceid=1405

Business Gateway

- 6.5 Prior to Enterprise Network restructuring, the Business Gateway service was delivered in Angus by Scottish Enterprise. However, since April 2008 this service has been the responsibility of the local authorities in the Scottish Enterprise area. Angus Council, along with the councils in Dundee and Perth & Kinross, has contracted Enterprise North East Trust to deliver the Business Gateway on its behalf, providing a Tayside-wide service. Dundee City Council is the lead authority, managing the contract on behalf of the three Tayside-based local authorities on a shared service basis. The contracts are now more target-focused and the Trust has targets for business start-ups, VAT-registered companies and the growth of identified existing businesses. The main office is in Dundee, with surgeries in Angus.
<http://www.enetrust.com/home/home.asp>
<http://www.bgateway.com>
- 6.6 The Business Gateway in Angus offers advice and support to those wishing to start up in business as well as to established companies. It also offers an information service to Angus companies with access to databases on market information, financial assistance and European projects and regulations. It is the first point of contact for clients wishing to access the wider enterprise network.
- 6.7 Through its website and its Business Information Executives, the Business Gateway can provide help in key areas such as market research (e.g. identifying market opportunities, profiling customers, analysing competitor activity, and sourcing suppliers), legislative issues; and identifying and developing competitive advantage or selling points. It also provides support in relation to drawing up business plans and developing strategies to achieve objectives.
- 6.8 Workshops designed for people thinking of going self employed or starting a business are delivered by the Business Gateway. The courses are free of charge and take place in Angus on a regular basis, with the majority being held in Arbroath and Brechin. Each session lasts about three hours. The range of events delivered for business start ups includes business planning; resource planning; marketing and market research; IT for business; book keeping; becoming self-employed; self-assessment for the self-employed; introduction to VAT; meet the advisor and women into business. Free workshops are also available for existing businesses, covering subjects such as accounting and finance, marketing, e-business, customer care and general management.
- 6.9 The Business Gateway can help to identify appropriate sources of financial assistance, including European funds, through searching online databases. A further e-business service is offered, specialising in training and advice on information technology and the internet. A number of courses are offered under the e-business service ranging from how to design your own website to trading electronically.
- 6.10 In Angus, the Business Gateway also handles applications for the Angus Grant Scheme and the Young Persons Award. Other discretionary funds are available such as the Farm Business Diversification Scheme. The Princes Scottish Youth Business Trust is

also housed within the Business Gateway in Angus, helping business start-ups for young people up to 26 years of age.

- 6.11 In addition to the core service provision of advice and information to new and growing businesses, the Business Gateway service has been extended to offer a wider package of support to businesses in Tayside through the “Survive and Thrive” project. This was operated as a pilot in 2009, delivering business seminars which offered strategies to local companies who may be facing changing circumstances as a result of the recession. This included access to follow-up one-to-one business advice provided by the Council’s Business Advisers and/or Business Gateway. The project continues to operate in 2010, with a further seminar on this topic planned for May/June 2010. Discussions with Angus Council indicate that the main additional benefit of this programme has been the Council-funded work (undertaken through ENET) with companies that have been struggling in the current economic climate.
- 6.12 Furthermore, Dundee City Council, on behalf of the Tayside local authorities, submitted an ERDF bid in 2009 for funding for additional business support activities across Tayside using the Business Gateway money received from the Scottish Government as match funding. This was approved and has resulted in an additional £450,000 of funding over three years. Dundee City Council, as lead partner, will be responsible for holding the budget and administering the project. Discussions have commenced as to how best to use this budget to meet company needs. To date, there have been a number of additional business support events/workshops run using this resource, as well as the launch of a new grant – the Tayside Business Development Grant – which contributes towards the costs of employing specialist consultants.

Financial Support

- 6.13 The Angus Council provides a number of financial support schemes for businesses. This includes the **Angus Grant Scheme** – a fund of £58,000 which provides grant support of up to £5,000 for established Angus-based companies with 25 or fewer employees, although start-up businesses which exhibit exceptional economic potential may also be considered. The fund provides support towards investment in capital items with an emphasis on improving productivity and/or sustainability. Preference will be given to projects from businesses operating in the key sectors of sustainable energy, tourism and food & drink, although other businesses which meet the key criteria may apply. The grant may contribute up to 30% of the total project cost (offering a minimum grant of £1,000 and a maximum of £5,000). Projects over £50,000 will generally be ineligible. Applicants should have the majority of their customers outside of Angus (to avoid potential displacement) and/or be able to demonstrate that the project contributes towards economic sustainability in Angus i.e. the 'green agenda'. A need for the grant needs to be clearly established and any project should deliver economic benefit for Angus.
- 6.14 A **Market Development Grant** is available that provides financial assistance to help small and medium-sized businesses to access new overseas markets by exhibiting at major trade shows in the UK and overseas, participating in overseas trade missions and developing potential new business. Financial assistance of 50% is available on net travel and accommodation costs up to a maximum of £1,000. The scheme is targeted at local companies employing less than 250 employees who are engaged either in manufacturing, the provision of business-to-business services or tourism related projects.

- 6.15 The **Vocational Training Fund** is a training support fund that was re-introduced by the Council in 2009. The fund aims to assist individuals to meet their full employment potential by offering assistance for certain types of training, and in some cases assistance to overcome specific barriers into or sustaining employment. Approximately £100,000 is available from the fund for training support for the unemployed, employees and employers. Of this, around £75,000 is available to individuals in Angus (who are either unemployed or in employment) up to a maximum of £1,500 per person. In addition, some £25,000 is available from the fund for businesses (employers and the self-employed) covering up to 50% of the training costs and up to a maximum of £500 per employee, with the total award not exceeding £5,000 per company. All types of training will be considered for support that is additional to the employer's routine activities and which is considered innovative. This element of the fund will be managed by the recently appointed Business Advisers and administered as part of the Angus Loans and Grants Business package. The Fund is expected to be exhausted by 2011.
- 6.16 **East of Scotland Investment Fund (ESIF)** – this is a new fund which is expected to be launched in June 2010. This is a £5 million fund that will offer loans to growth businesses in the East of Scotland. Twelve local authorities in the East of Scotland will participate in the scheme, including Angus Council. The 12 local authorities have contributed £3 million of funding to the scheme, with ERDF funds contributing a further £2 million. The fund will provide eligible businesses in the participating areas access to local loans of up to £50,000.
- 6.17 The availability of loan finance to small and medium sized companies is currently restricted and this is having an impact on business activities and the general wellbeing of the Angus economy. The ESIF will provide an opportunity to ease the situation by not only providing finance directly to companies where none is available, but also by encouraging commercial institutions to be more flexible in their approach to lending. It is proposed that the ESIF will be modelled on the West of Scotland Loan Fund and would be a company limited by guarantee. Angus Council will retain control of its own funds and will be responsible for processing initial applications and deciding who to lend to. Once a loan is agreed the ESIF will be responsible for providing the funds, collecting payments and any other associated administration. The ESIF will operate for an initial five-year term. Although the criteria, costs, terms and application process are still to be finalised, they are expected to be similar to that of the West of Scotland Loan Fund. This particular fund offers loans up to £50,000 for businesses trading more than two years and up to £30,000 for businesses operating less than two years. Loans may be used for working capital, purchase of plant and equipment or purchase of business property. Finance is restricted to eligible sectors, which are under constant review.
- 6.18 Until March 2010, Angus Council operated the **Angus Loan Fund** – a loan fund of last resort, which was provided as part of a larger financial package which included other funding. However, this fund has now closed and the fund's assets will be transferred to the ESIF once it is operational.

Other Business Support

6.19 Other existing business support activities and new initiatives that Angus Council has developed to assist local companies include:

- **Supplier Development Programme** – a local authority partnership programme established to offer small and medium sized enterprises the opportunity to grow and diversify through procurement. The Council is participating in this national programme and aims to work with up to 200 local businesses in Angus. It is aimed at identifying public sector supply opportunities for local companies and assisting them to bid for these opportunities. It assists businesses improve their performance in winning contracts with public sector organisations. The programme offers information and support covering procurement issues and helps to unravel the tendering process. Assistance is provided via workshops and events; a quarterly newsletter; website; and in-depth training.
- **Supply of Business Premises** – the Council provides over 100 properties (offices, workshops and industrial units) to meet the needs of local businesses. It has developed business parks in various locations in Angus and continues to secure new investments. There are proposals to develop further business parks and to build small workshops in some areas. However, existing and proposed developments appear to be in Angus locations that are outwith the CNP.
- **Promotion of Tourism** – this includes support for ‘Outdoor Angus’, which showcases the wide range of activities available in the area, including exhibiting at the ‘Outdoor Show’, NEC Birmingham in March 2010; and the Angus Glens Walking Festival (June 2010), which has been developed to promote the area as a walking destination. In addition to the establishment of industry groups for Outdoor Angus and for the tourist accommodation sector (see below for further information on the latter), it is understood that discussions are underway in relation to setting up similar industry-led groups for both the food & drink sector and golf tourism. The Council has also created Angus Ahead, a web portal promoting the area. It provides information of relevance to visitors, as well as to residents and businesses in Angus. As part of this, businesses and tourism providers in the area can promote their business and special offers free of charge on its website. Furthermore, its business section provides information on sources of business support and finance, available property, local companies, local events etc. <http://www.angusahead.com>
- **Tourism Accommodation Support** – a Tourism Accommodation Audit was commissioned by Angus Council in 2009 in order to better understand the scale and quality of tourism accommodation in Angus and to identify any market gaps and strengths, as well as barriers faced by accommodation providers and prospective developers. The Audit highlighted that both the range and quality of the area’s tourist accommodation base needed to be increased. Based on the findings of this report, the Council has recently introduced a programme of measures aimed at promoting and developing tourism in the area by improving business competitiveness for those in the sector and stimulating additional investment in Angus. This includes the following:
 - A **marketing and quality assurance scheme** for the area’s tourist accommodation operators, which is based on providing grant support specifically

to assist beneficiaries to gain accreditation under an approved quality assurance scheme. The scheme will give B&Bs, guest houses, hotels and self-catering businesses a grant of up to £600 to help them sign up to a quality accreditation scheme and develop accommodation packages linked to key tourism products such as the Angus walking festival, ancestral tourism or golf. It is expected that through the programme, up to 80 non-accredited accommodation businesses in Angus will be encouraged to become accredited through either VisitScotland, the Green Tourism Business Scheme, the Walker Welcome Scheme or other appropriate schemes. For businesses not currently participating in an accommodation grading scheme, the grant will be provided to assist businesses with costs associated with registration, a pre-assessment visit and a grading visit of a relevant accommodation grading scheme. For businesses already in an accommodation grading scheme, funding towards assessment and administration costs may be provided for joining a range of schemes, including Green Tourism Business Scheme; various VisitScotland Welcome Schemes (e.g. Welcome Walkers; Ancestral Welcome; and Cyclists Welcome); and VisitScotland's "Eat Scotland" Scheme. An application has been submitted to the LEADER programme in order to try and lever additional funds for this marketing scheme.

- Establishing and supporting a **networking group** of accommodation businesses specifically aimed at improving business competitiveness and collaboration. An accommodation industry group will be set up to provide a forum for tourism related businesses to work together; undertake more cross selling; and have more effective monitoring and evaluation.
- Preparing a supplementary **inward investment** package of information aimed at promoting additional investment in new hotel accommodation in Angus. This includes the Council undertaking a £5,000 marketing campaign to encourage major developers, hotel chains, operators and brand holders to establish their businesses in Angus.
- The development of an **Angus Tourism Strategy** for 2009-2012, which will provide a more co-ordinated and focused approach to tourism in Angus. The Strategy proposes to adopt a similar approach across and between each of the area's six main tourism strands - ancestral; business; leisure; food & drink; golf; and China.
- **Angus in China Initiative** – the Council has been actively promoting trade with China for a number of years to the benefit of local businesses and the general economy of Angus; and has established a Sister Area Agreement between the Government of Yantai and Angus Council. This provides for reciprocal visits by representatives from each area, including local employers, on a biannual basis in order to foster business and economic development links. There have been several previous Angus trade missions both to Yantai and China and from Yantai to Angus.

The last trade mission to China in March 2008 directly helped six local companies to further their business interests with China and identified a number of business opportunities for other Angus companies and organisations. Overall, the Angus in China Initiative has supported a number of Angus companies in their efforts to take

advantage of business opportunities, as well as providing an opportunity for the Council to promote Angus as a golfing and holiday destination. A further trade mission to China is scheduled for late April/early May 2010 and participants will include Angus companies who might benefit from meeting potential contacts in China. The trade mission in 2010 is aimed at strengthening ties with China and assisting economic recovery in Angus.

- **Support for the Construction Sector** – which involves bringing forward plans to develop sites for affordable housing.
- **Support for various business groups** – Angus Council has been able to support various business groups in the area, particularly through EU-funded projects. This has included a Crafts Association and a Fishing/Angling initiative, as well as targeted support in specific geographic areas, including Glen Isla. It also includes Outdoor Angus, a private sector led business group which has been established to market Angus as a destination for outdoor pursuits.
- **Rural Shops & Community Post Office Grant Scheme** – the Planning & Transport Department of Angus Council manages this scheme. It is available to food shops/general stores which provide the sole source of a range of convenience goods in a rural community, who operate for 12 months of the year, are over one mile from the nearest alternative town and provide an extensive range of shopping. The scheme is also available to anyone wishing to run a rural Community Status Post Office. Eligible works include essential physical improvements to the interior and exterior of the property associated with increasing the viability of the business; making the shop more attractive to potential customers; and complying with Environmental Health and Food Hygiene Regulations or any essential physical alterations which must be carried out to satisfy Post office Counters Limited's operational requirements. The grant is discretionary up to a maximum of £3,000 or 90% of the approved works, whichever is the lower; or £2,500 or 90% of the approved works, whichever is the lower if the shop is less than three miles from the nearest provision.

http://www.angus.gov.uk/services/View_Service_Detail.cfm?serviceid=1287

- 6.20 In addition to the above, Angus Council is also involved in an **Innovation and Development Fund**, which is jointly funded by the Angus and Dundee Area Tourism Partnership and Destination Dundee. The fund offers local tourism businesses the opportunity of funding towards innovative projects which will add to the area's economic growth. Projects should aim to develop tourism and attract more short-break visitors. Applicants should demonstrate how they intend to increase visitor numbers. Funding is available for product development, marketing, promotion and research and aims to encourage partnership and collaborative working. Applicants may apply for up to £20,000 each and up to 75% of the total project costs. The fund was set up in 2009/10 and a total of £140,000 will be available over two years. Over the last year, schemes which have received funding from the Innovation and Development Fund include a special pass offering money-saving vouchers for local visitor attractions, a quad biking adventure trail, online marketing for a local music festival, an independent feasibility report on the demand for romantic breaks in the Angus countryside and the publication of a visitor leaflet about a little-known Dundee park.

Community Support

- 6.21 Angus Council has an **External Funding team** that helps both Angus Council departments and voluntary groups with funding from a variety of sources, including European Structural Funds, Lottery distributors and Trusts. It can help by:
- providing the latest information about grants in its monthly e-newsletter - Angus Funding News;
 - visiting groups to discuss their funding requirements and offering suggestions on funders that are most likely to assist them;
 - looking over draft application forms and giving suggestions on possible improvements;
 - tracking new sources of grants, changes to existing funding sources and alerting groups on relevant forthcoming deadlines; and
 - organising events such as funding training seminars and funding fairs.
- http://www.angus.gov.uk/services/View_Service_Detail.cfm?serviceid=1050
- 6.22 The External Funding team also administers the Angus Council **Community Grant Scheme**. This scheme aims to support small community and voluntary groups across Angus with a grant towards the cost of a project in the fields of arts, heritage, sport or the environment. It may also support activities that are educational, health related or generally improve people's quality of life. It can help with the costs of running an event or upgrading a community hall, or it can help fund a feasibility study or environmental works in a community. Up to a maximum of £5,000 may be awarded to a project.
- <http://www.angus.gov.uk/externalfunding/communitygrant/default.html>
- 6.23 In addition, a new website for Angus communities – **angus4community** – has been created that provides a range of information on sources of community funding. The site was part financed by Angus Council, Angus Community Planning Partnership, Angus Rural Partnership, Communities Scotland and the Rural Tayside Leader + Programme. It offers free access to an extensive database of EU, Lottery and Trust funds; users have to register in order to search the databases.
- <http://www.open4community.info/angus/Default.aspx>

Dundee and Angus Chambers of Commerce

- 6.24 The Dundee and Angus Chambers of Commerce provides a range of services to local businesses. This includes: a business information exchange; networking; lobbying and representation; Chamber-specific events and courses as well as information on other relevant events; and business mentoring offering one-to-one, group or on-line mentoring. The range of events held for members includes: business lunches with key speakers; speed networking breakfasts; business master classes and best practice learning; member open nights; and marketing, management and HR seminars.
- <http://www.dundeeandanguschamber.co.uk>

Scottish Enterprise

- 6.25 Scottish Enterprise is the economic, enterprise, innovation and investment agency for Lowland Scotland (i.e. it covers all parts of Scotland outwith the Highlands and Islands). Its ultimate goal is to stimulate sustainable growth of Scotland's economy; to achieve this it helps ambitious and innovative businesses grow and become more successful. It also works with public and private sector partners to develop the business environment in Scotland. It delivers a range of dedicated support services locally, nationally and internationally and its activities help businesses with the appetite and capacity to grow to: improve efficiencies; access new sources of funding; and conquer new markets. It also works in partnership with universities, colleges, local authorities and other public sector bodies to achieve its goals and to maximise its contribution to the Government's Economic Strategy. <http://www.scottish-enterprise.com>
- 6.26 SE has a local office based in Dundee, which covers the Angus area.
- 6.27 The primary objective of Scottish Enterprise is to deliver high quality, practical support to businesses in Scotland that will enable them to maximise their contribution to economic growth. It supports the Scottish Government in delivering its Economic Strategy by focusing on three key areas of activity:
- Supporting Enterprise in growth companies and key industry sectors.
 - Promoting Innovation to improve productivity and achieve competitive advantage.
 - Stimulating Investment in both physical infrastructure and companies.
- 6.28 Scottish Enterprise continues to work closely with individual companies and key industry sectors that make a contribution to sustainable economic growth and especially where the scale of growth potential can help Scotland outperform other economies and its own historic economic performance. In partnership with the private sector and other public sector agencies, it wants to help Scotland grow its stock of companies of global scale and it will work with significant and growth companies and key industry sectors to achieve this.
- 6.29 It has responded to the direction of the Government Economic Strategy in placing increasing emphasis on the six specific industry sectors: life sciences, energy, creative industries, financial and business services, food and drink and tourism, as well as the technologies that support or "enable" their development.
- 6.30 Following the restructuring of the Enterprise Networks in response to the reforms announced in 2007 by the Scottish Government, Scottish Enterprise has been given a very clear remit to focus on priority sectors and on supporting those businesses, of whatever size, that have high growth potential and that are important to the national or regional economy. Scottish Enterprise therefore works proactively and selectively with a much smaller number of businesses than previously, predominantly those with whom it has, or will establish, an account management relationship. This means that for the majority of firms, including those serving mainly local markets, public sector advice and/or guidance should be sought through the Business Gateway, overseen by local authorities.

Enterprise

- 6.31 Over the period 2009-2012, Scottish Enterprise will continue to concentrate its activities on those businesses where it knows it can make an appreciable difference to their growth performance. While Scottish Enterprise will support growth businesses that can achieve scale from all industry sectors, it anticipates that a high percentage will be drawn from the key industry sectors.
- 6.32 For each growth company that Scottish Enterprise supports, it appoints an account manager to ensure that the full range of its services is made available effectively and efficiently including advice on strategy development, business efficiency, workforce development and internationalisation.
- 6.33 Discussions with Angus Council indicate that across the Angus area, 40 companies are currently account managed by Scottish Enterprise on a national basis; there is no expectation that this will change markedly during 2010.
- 6.34 One of the key elements of Scottish Enterprise's work with businesses is the focus on improving a company's internal leadership and management capabilities and how they develop and use the skills of their workforce; and more generally, to manage change effectively, address barriers to growth, exploit new opportunities such as acquisitions and mergers, expand markets and adopt innovative processes and systems.
- 6.35 Scottish Enterprise, Highlands and Islands Enterprise and the Scottish Government jointly support Scottish companies to break into international markets and help attract overseas investors to Scotland through the work of SDI. Its focus remains on working closely with account managed businesses to support them in exploiting international opportunities. This is vital at a time when Scottish companies are likely to be searching harder for opportunities in growing markets overseas and will include working to capitalise on movements in exchange rates favourable to exports from Scotland.
- 6.36 SDI will continue to concentrate on attracting and retaining investment from companies supporting high value added employment. SDI will keep in view the relative importance of key target markets and will fully exploit its networks and capability to promote internationally the key sectoral strengths Scotland has. <http://www.sdi.co.uk>
- 6.37 Within key industry sectors, Scottish Enterprise will promote collaborative projects whether through networking, the sharing of information or through joint centres of excellence which Industry Advisory Groups believe will help those industries to grow.

Innovation

- 6.38 Innovation is vital to economic and business success, whether it is in technology-based high growth companies or product, service or business model innovations across manufacturing and services industries. Scottish Enterprise has contributed to the development of the Scottish Government's "Science for Scotland" and "Innovation Framework" strategies and will ensure that its activities are fully aligned with, and contribute to, the successful implementation of both. In particular, it will encourage and develop the exchange of knowledge between academia and business and support the flow of overseas investment into Scotland's research and development base. It is essential that Scotland's key sectors enhance their ability to innovate and remain internationally competitive, in both the short term (in a difficult trading environment)

and in the medium to longer term in order that they can reap the opportunities from the global upturn, when it comes. In helping its customers respond to these requirements, Scottish Enterprise will focus on three main issues over the period 2009-2012:

- increasing the commercial exploitation of Scotland's existing strengths in science and research;
- stimulating innovation in the key sectors; and
- stimulating innovation in growth companies with a more integrated support service on offer to more Scottish businesses.

Investment

6.39 Scottish Enterprise will continue to invest in physical infrastructure to support the development of the key sectors over the period 2009-2012. Following its refocusing, Scottish Enterprise is now concentrating on projects of national and regional importance, ensuring that these projects must clearly enable a key industry sector to grow faster.

http://www.scottish-enterprise.com/sedotcom_home/your-sector.htm

6.40 In terms of sustainability and equality, Scottish Enterprise will focus on activities that further the sustainable economic growth agenda and contribute to the strategic objectives of sustainability, equality and regional equity. This includes promoting rural economic diversification and support the growth of rural businesses, particularly in energy, food and drink and tourism key industry sectors; and encouraging more participation in its client company work by women, ethnic minorities, older and disabled people as well as addressing specific equality issues in its priority industries such as encouraging more women into science and engineering.

Key Sectors

6.41 In respect of the **food and drink** sector (including agriculture and fisheries), the focus of Scottish Enterprise's activity between 2009 and 2012 will include:

- Supporting the growth of individual companies, and, through the leadership of Scotland Food & Drink, share the risk with partners on projects that can bring about transformational change in industry performance;
- promoting market development through its support of 300 companies to capture an increased share of premium growth markets;
- collaborating with partners, including Scotland Food & Drink and the Scottish Funding Council, to support increased innovation through the Food & Health Innovation project, capitalising on the growing health market and exploiting links with the life sciences industry;
- working with partners including the Scottish Environmental Protection Agency to support companies on waste minimisation and energy utilisation; and
- supporting increased scale within the food and drink industry. This includes looking at the environment to support mergers and acquisitions, collaborative working, available finance, supply chain models and joint marketing and distribution.

6.42 In terms of the **tourism sector**, examples of Scottish Enterprise's planned activities between 2009 and 2012 will include:

- Concentrating on promoting higher levels of innovation, providing support for business collaboration and investing in infrastructure projects at key tourism destinations, including rural Perthshire, Cairngorms National Park and Royal Deeside;
- Delivering Scottish Enterprise's Tourism Innovation Programme, including the provision of nine Tourism Intelligence Scotland resources disseminated to 6,000 tourism companies, the delivery of 60 Tourism Innovation Workshops with 600 companies participating, and 40 projects assisted through the Tourism Innovation Fund.
- Supporting product development activity in market opportunities such as golf, food, mountain biking and sailing. This will include SE support, alongside industry and public sector partners, to develop golf tourism in the run up to the Ryder Cup in 2014; stronger links with the food and drink sector to make more of Scottish food and whisky as part of the overall visitor experience and provide support for investment in activity tourism facilities.
- Supporting the development of strong industry-led tourism partnerships in the main tourism destinations within its operational area, working with the industry, local authorities and VisitScotland. Delivering investment in support of Destination Development Plans for the six key destinations including major resort developments in Perthshire and Deeside.

6.43 In addition to supporting the key industries identified by the Scottish Government, Scottish Enterprise also works with of other sectors where there are clear opportunities to sustain or strengthen Scotland's economic growth (e.g. aerospace, chemical sciences, construction, forest industries, defence & marine, and textiles).

6.44 Details of a range of specific funding schemes, programmes and services provided by Scottish Enterprise are highlighted below.

High Growth Start-ups

6.45 Scottish Enterprise has a High Growth Start-up team which works with companies cross Scotland, providing a service to high-value, technology based business start-ups. This includes technical and commercial experience and intensive hands-on support to help businesses develop products or technologies which can ultimately lead to stronger growth. It provides intensive support to pre-start companies to ensure they have the best opportunity to maximise their ambitions. To qualify for the team's help, applicants should be:

- starting a business that will achieve a minimum £5 million valuation by the end of its third year of trading;
- have the potential to trade globally; and
- have a commitment, passion and hunger to succeed.

6.46 Scottish Enterprise will work intensively with a pre-start business to create a fully-funded new company. During this process, it will help the company to create a viable

and fundable business proposition, ready to be finalised and presented to investors. The key areas the High Growth Start-up team we will help with include:

- Identifying appropriate business model – optimise route to market, channel partners, revenue model, etc.
- Identifying funding requirements, tactics and strategy.
- Preparing, revising and finalising a business plan.
- Undertaking customer/supplier visits, as necessary – make use of our extensive network of international contacts to accelerate this process, where necessary.
- Identifying funding sources and optimal balance of debt/equity/grants.
- Preparing investor presentation materials.
- Identifying suitable investors, successfully engage and undertake series of presentations.
- Securing appropriate IP advice, protection and optimal exploitation strategy.
- Identifying potential candidates for additional management team posts.
- Identifying potential non-executive directors/chairmen.
- Finalising key staffing/hiring plan.
- Finalising equity structure and completion of funding package.
- Launching your new company.
- Financial contributions towards key business development costs may also be provided where appropriate.

http://www.scottish-enterprise.com/sedotcom_home/start-your-business.htm

Business Support Grants

- 6.47 Scottish Enterprise can provide financial assistance to businesses through **Regional Selective Assistance (RSA)**, which is the main form of investment grant offered to businesses of all sizes in designated areas (i.e. “Assisted Areas”) of Scotland. It is the main national scheme of financial assistance to industry, helping create and safeguard jobs in the Assisted Areas of Scotland. Projects must involve an element of capital investment. Eligible project costs include expenditure on land and buildings, plant and machinery, software and, in some circumstances, the acquisition of intellectual property from third parties. In general, grants for investment projects in the Highlands and Islands are administered under various different schemes by HIE, and RSA has been rarely applied for by firms in that area. Within the Scottish Enterprise parts of the CNP (which are identified as “Tier 3” areas), RSA is only applicable to small and medium-sized businesses, with a maximum contribution of 20% and 10% respectively. As a measure to counter the recession, Scottish Enterprise has extended the eligibility of small businesses to apply for RSA grants across the whole of Scotland. Prior to October 2009, this scheme was administered by the Scottish Government.

<http://www.scottishbusinessgrants.gov.uk>

<http://www.scottishbusinessgrants.gov.uk/rsa/208.html>

Equity Funding

- 6.48 Scottish Enterprise manages three funds that together offer risk capital investment for Scottish companies, namely: the Scottish Seed Fund (SSF), the Scottish Co-investment Fund (SCF) and the Scottish Venture Fund (SVF). Each of these funds adopts a highly innovative co-investment/shared risk intervention model to encourage more private

investors and funding into Scottish early stage companies. In order to be eligible for either the SSF or the SCF, businesses must meet the following criteria:

- be incorporated;
- have less than 250 employees;
- have net assets less than £16 million;
- be doing a deal which involves the sale of an equity interest;
- be in an approved business sector;
- fall within the EU definition of a SME; and
- be predominantly located in Scotland.

- 6.49 The **Scottish Seed Fund** was introduced to improve the availability of finance for start-up and young growing companies in Scotland. It can invest between £20,000 and £100,000 on an equity basis in early stage businesses that meet the SSF criteria and are keen to grow. Priority will be given to businesses demonstrating high-growth potential in terms of launching new products, entering new markets and increasing employment. The fund will invest in start-ups and early stage companies at the end phase of product development and/or commercialisation. In order to be eligible for investment from the SSF, a business must demonstrate that it has explored other funding sources; secured at least one external equity investor (e.g. a business angel); and matched at least 50% of its financing requirements via private sector sources.
- 6.50 The **Scottish Co-investment Fund** is a £72 million equity investment fund set up by Scottish Enterprise to invest between £100,000 and £1 million in business deals of up to £2 million; it is partly financed by the ERDF.
- 6.51 Unlike a standard venture capital (VC) fund or a business angel, the SCF does not find and negotiate investment deals on its own; instead it forms contractual partnerships with active VC fund managers, business angels and business angel syndicates from the private sector (the SCF partner). The SCF Partner finds the investment opportunity, negotiates the terms of the deal and offers to invest its own equity cash. If the opportunity needs more money than the SCF Partner can provide, it can call on the SCF to co-invest alongside on equal terms. The SCF partner determines how much the SCF can invest in any new deal; however, the SCF cannot invest more than the SCF partner. A company looking for investment from the fund must therefore first secure funding from one of Scottish Enterprise's SCF partners.
- 6.52 The SCF investment in a company will not exceed £1 million and the total deal size should not exceed £2 million (including any debt component). The investment must be at least matched pound for pound by, and the terms obtained pari-passu with, the SCF partner. Scottish Enterprise cannot hold in aggregate more than 29.9% cent of the voting rights of a company and public money cannot account for more than 50% of the total risk capital funding in a deal.
- 6.53 The **Scottish Venture Fund** was set up by Scottish Enterprise in conjunction with the Scottish Government to invest between £500,000 and £2 million, alongside private sector partners, in company finance deals of between £2 million and £10 million. It is part funded by ERDF.

- 6.54 The SVF can only consider investment opportunities sponsored by one of its Deal Promoting Partners (DPPs) – investment partners who either bring deals to the table and offer Scottish Enterprise and opportunity to invest alongside them, or who are interested in receiving information Scottish Enterprise may have on any suitable syndication opportunities. Based on commercial terms, the SVF may match the investment made by the private sector partner in each transaction up to a maximum of £2 million, either on its own or as part of an existing syndicate. Where additional funding is required, the SVF will then be able to utilise its partner network to distribute these opportunities to organisations that have funds to invest and are looking for a supply of quality deals. The private sector partner will then select the most appropriate organisations to form the investment syndicate for that particular transaction. The private sector partner will structure the terms and conditions of the potential deal and lead the transaction to its completion. The SVF will seek to invest without partiality with the private sector partner and always on commercial terms.
- 6.55 The SVF supports a broad range of industry sectors, typically high growth companies. The only exceptions are industry sectors where the investment leads to trade displacement or activities are restricted by regulatory issues. Investments in these sectors will only be considered in exceptional circumstances where there is justification on both the commercial merits of the investment and the net additional economic impact. Generally, the SVF will only invest when:

- at least 50 per cent of the aggregate investment derives from sources other than the public sector;
- the percentage of voting rights in the investee company available to Scottish Enterprise, as a result of the investment, is less than or equal to 29.9 per cent; and
- the investment will benefit and make a positive contribution to the Scottish economy and where there are no trade displacement or regulatory issues.

<http://www.scottish-enterprise.com/equity-funding>

Innovation Grants

- 6.56 Scottish Enterprise provides a range of funding to assist the research and development of innovative products and processes. This includes **Research and Development Grants**, which are provided to support businesses developing new products, processes and services to improve company competitiveness and to benefit the Scottish economy. Companies of all sizes may be eligible, provided that they are based in Scotland or planning to set up in Scotland. Projects must represent a significant innovation for the company concerned and significant risks should be associated with the challenge of developing a new product, process or service. Most sectors are eligible, with applications from traditional industries, hi-tech businesses and the service sector all equally welcome. Research and Development Grants can provide assistance to support:
- 'Industrial Research' – the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services.

- 'Experimental Development' – the acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or significantly improved products, processes or services.
- 6.57 Grants will be made at the discretion of Scottish Enterprise. The selection process considers a number of factors, including the nature of the research and development; whether it creates or safeguards research and development jobs; whether it links in to other local companies (perhaps for materials or specialist knowledge); whether there is a global market opportunity; and whether intellectual property has been considered. Scottish Enterprise will also look at the financial and commercial aspects of an application as well as the management expertise available to the business.
- 6.58 The scheme may award a maximum of 35% of the eligible project costs for grants to SMEs up to £40,000; and a maximum of 25% of the eligible project costs for both grants to SMEs above £40,000 and for all grants to large companies. Grants above £40,000 must demonstrate a positive impact on research and development jobs in Scotland. Grants to SMEs may involve European funding.
<http://www.scottishbusinessgrants.gov.uk/rsa/998.html>
<http://www.scottishbusinessgrants.gov.uk/rsa/1000.html>
- 6.59 In addition to its Research and Development Grants, Scottish Enterprise also manages the **SMART:SCOTLAND** scheme, which is part funded by ERDF. The scheme provides financial assistance to individuals and small and medium enterprises (SMEs) to help support commercially viable projects which represent a significant technological advance for the UK sector or industry concerned. The scheme can provide grant assistance to support: technical and commercial feasibility studies (providing up to 75% of eligible project costs up to a maximum of £70,000); and research and development projects that aim to develop a pre-production prototype of a new product or process (providing up to 35% of eligible project costs up to a maximum of £600,000). Any SME that meets the SMART:SCOTLAND eligibility criteria may apply for a SMART:SCOTLAND Research and Development Grant, irrespective of whether they receive support under SMART:SCOTLAND for a Feasibility Study. Most technologies are eligible and applications from traditional industries and hi-tech businesses are equally welcome. Grants will be made at the discretion of Scottish Enterprise. The selection process will take account of a number of factors including the technological, intellectual property, financial and commercial aspects of an application as well as the management expertise available to the business. Prior to October 2009, this scheme was administered by the Scottish Government.
<http://www.scottishbusinessgrants.gov.uk/rsa/998.html>
<http://www.scottishbusinessgrants.gov.uk/rsa/999.html>

Innovation Support Service

- 6.60 The **Innovation Support Service** is a free, impartial innovation advisory service available to all businesses in Scotland needing advice and guidance on innovation projects or activities. Innovation can be anything from developing new products and services, to improving productivity, to the benefits of new business processes and models. The support varies depending on the size and status of the business and its innovation experience. Regardless of whether a business is large or small, long term

established or just starting up, science and technology based, more traditional or a service based business, innovation advice and support is available from Scottish Enterprise and its partner organisations.

- 6.61 For companies currently planning or undertaking an innovation project to develop a new product or service for the market, Scottish Enterprise's experienced innovation advisers can help by reviewing the business case and implementation plans for a project. The service provides advice and guidance on how best to develop an innovation project to deliver the maximum revenue for the business and how to make the most of available resources and any other additional support.
- 6.62 The Innovation Support Service is focused on helping with the front-end planning process and developing robust business cases for an innovation project. As well as advice and guidance from experienced innovation advisers, Scottish Enterprise will help identify and link a business to relevant partner organisations and highlight available information resources.
http://www.scottish-enterprise.com/sedotcom_home/grow-your-business/develop-your-business.htm
- 6.63 Scottish Enterprise also runs **Winning Through Innovation**, which provides a series of workshops and events across Scotland, with a compelling programme of motivational speakers drawn from exemplar companies and leading management theorists. Developed as an introduction to innovation, and to help people understand its importance and benefits, each event lasts around half-a-day and includes local company innovation examples and access to a wealth of further advice.

Tourism Innovation Fund

- 6.64 The **Tourism Innovation Fund** (TIF) provides matched funding of up to £30,000 and professional one-to-one advice to help develop and commercialise the very best innovative tourism ideas. The scheme is part funded by ERDF and is operating over the period 2009-2013.
- 6.65 TIF support is allocated through a competitive judging process, with successful projects demonstrating industry-level tourism innovation combined with a real potential to achieve significant business growth as a result (e.g. generating higher tourism spend; increasing overnight visitor numbers; getting visitors to stay longer; or extending the season outwith peak months). The intention is for winning projects to become exemplars for Scottish tourism innovation and where possible be developed into case studies to help stimulate further innovation throughout the industry.
- 6.66 The innovative idea could be based on a product, service or business process. Financial support from TIF can contribute to costs incurred in the development of an idea (e.g. market research, producing samples, feasibility studies or preparing for market launch).
- 6.67 Although open to individual tourism businesses, TIF would particularly welcome collaborative applications from groups of businesses working together. Preference will also be given to small or medium sized enterprises (SMEs).

- 6.68 Winning projects receive a bespoke innovation support package consisting of funding and professional advice. One-to-one advice and sign-posting is also available for unsuccessful applicants.
- http://www.scottish-enterprise.com/sedotcom_home/your-sector/sector-tourism/tourism-initiatives/tourism-innovation.htm

Tourism Innovation Toolkit

- 6.69 Scottish Enterprise's tourism innovation workshop programme provides tools, techniques and an experienced facilitator to help businesses generate new ideas and think more creatively. Workshops are designed to provide insights and to inspire tourism businesses to generate innovative ideas and develop new ways of working to drive growth through innovation. The Tourism Innovation Toolkit includes a wide variety of tools and activities to enhance a company's creative environment, provide idea generation techniques, foster collaboration and provide an action plan for its innovation journey. Group and In-house workshops are available and are tailored to the specific objectives of the business or group.

- **Group Workshops** – a one-day workshop can be designed for groups of companies with a geographical or business activity in common. Examples include:
 - **Destination Development - Strategic workshop** – to assist in the development of destination plans.
 - **Destination Development - Ideas generation workshop** – to help identify new/improved experiences and services for the area.
 - **Group Collaborative - Strategic session** – to clarify role of the group and identify priorities for way forward.
 - **Group Collaborative - Creative session** – brainstorming around a common topic/theme e.g. Golf/ Sailing/Whisky.

The cost is approximately £1,000 plus VAT for the group.

- **In-house Workshops** – an experienced facilitator will work with a business in a one-day interactive workshop tailored to generating innovative ideas to boost the potential of the company. It is suitable for groups of four to 16; and the facilitator will work with a company to address key issues for growth and identify priority actions resulting from the workshop. The cost is £1,000 plus VAT for each workshop.

http://www.scottish-enterprise.com/sedotcom_home/your-sector/sector-tourism/tourism-initiatives/tourism-innovation.htm

Scottish Manufacturing Advisory Service

- 6.70 As summarised in Section 2 above (2.57-2.59), Scottish Enterprise also operates the Scottish Manufacturing Advisory Service. This service can provide a thorough assessment of a company's current working methods and production techniques. SMAS advisers will also provide expert recommendations, detailing how a company can refine its methods to make its business more efficient. This comprehensive review is provided completely free of charge and is designed to help Scottish businesses compete more

effectively by streamlining their manufacturing processes and incorporating innovative new thinking into their production strategies. Scottish Enterprise has increased its investment in SMAS and is doubling the number of companies who can access the service to help improve productivity by process improvements, eliminating waste and increasing efficiency.

http://www.scottish-enterprise.com/sedotcom_home/your-sector/manufacturing.htm

Workforce Development

- 6.71 Scottish Enterprise can provide advice for businesses in relation to developing the skills of their workforce. An engaged, skilled and committed workforce is necessary to realise potential and seize opportunities. Scottish Enterprise can help businesses develop existing and future leaders within the business; overcome business challenges; develop best practice in human resource management; and address barriers to growth.
- 6.72 The **Leadership for Growth** programme targets existing and future leaders of growing businesses in domestic and international markets. It runs over a six month period and includes workshops, mentoring and coaching on specific business issues. Themes include strategic leadership; organisational transformation; high-performing teams; and managing strategic relationships.
- 6.73 To help companies overcome business challenges, a **Business Mentoring Scotland** (a partnership between Scottish Enterprise and the Scottish Chambers of Commerce) service has been established. The service can assess a company's business development objectives and match the company with a business mentor that can offer appropriate support and advice. Business mentors are volunteers from a wide range of business sectors who support, stimulate and challenge a company, giving it an objective overview based on the mentor's own skills and experience.
- 6.74 In conjunction with **Investors in People (IIP) Scotland**, Scottish Enterprise can provide support to align a company's HR management practices with strategy, best practice, and nationally recognised standards.
- 6.75 Scottish Enterprise can also offer an **Organisational Development Review** to growing companies that it is already working with. This provides a strategic review of a company's workforce development requirements based on current skills gaps. Where appropriate, Scottish Enterprise will refer businesses to other public sector bodies such as Skills Development Scotland and Sector Skills Councils.
http://www.scottish-enterprise.com/sedotcom_home/grow-your-business/develop-your-business.htm
- 6.76 In partnership with a number of industry organisations, Scottish Enterprise is also involved in a variety of tourism-specific initiatives to develop leadership and management skills and improve industry standards. This includes the **Tourism Management Development Programme**, which enables businesses to study best practice from around the world and learn from leading experts. The programme is based on providing practical advice around the following themes: knowing your customers; developing new products and services; effective marketing; and working with others. It encompasses opportunities for all levels of business to benefit from

leading-edge thinking and best practice. Businesses can also take advantage of events such as:

- Learning Journeys to allow tourism businesses to learn from those who have achieved significant success across the world;
- a Business Tourism Conference which will help companies exceed expectations by learning from successful business tourism professionals;
- a series of Tourism Masterclasses with world-class, inspirational speakers aimed at business leaders and those responsible for tourism strategy;
- short sessions called Business Insights which cover key subjects and allow participants to learn about best practice; and
- tourism-specific service quality training courses such as 100k Welcomes.

Economic Recovery Plan

6.77 Scottish Enterprise is actively supporting the Scottish Government's economic recovery plan with the investment of around £190 million in direct support for Scottish businesses over the next three years. As part of its commitment to support companies during the downturn and in support of the economic recovery plan and the challenges facing business, Scottish Enterprise has developed the following 12 point action plan:

- 1) Undertake a Business Review of all of SE's account managed companies and follow up with additional demand-led support including: financial management/capital restructuring; market development, including internationalisation; cost reduction (including lean, environmental management); workforce development; research and development; and innovation and product development.
- 2) Accelerate major projects: including SECC; Fife Energy Park; Edinburgh BioQuarter.
- 3) Increase access to risk capital for SMEs: responding to growing immediate demand for additional equity investment from the Scottish Venture Fund, Scottish Co-Investment Fund and Scottish Seed Fund.
- 4) In collaboration with local authorities, ensure Business Gateway website and Enquiry Service provide relevant business information including online diagnostic tools, information guides.
- 5) Double the resource capacity of the Scottish Manufacturing Advisory Service to provide wider and deeper engagement with business.
- 6) Provide additional independent advice on raising new capital (through greater use of existing "investor ready" product).
- 7) Increase support for exporting. More intensive work with growth companies to develop new markets (exploiting favourable trading conditions).

- 8) Increase support for inward investors: closer discussion with existing investors on retaining and developing new opportunities; and development of new leads on “consolidation” opportunities.
- 9) Active response to prevent and minimise impact of closures, especially through working with Skills Development Scotland supporting Partnership Action for Continuing Employment (PACE) initiatives.
- 10) Increase flexibility in R&D support grant, increasing aid intensity (where possible), with greater emphasis on safeguarding existing jobs.
- 11) Increase Scotland’s competitiveness in innovation: mitigate potential stalling of business innovation activity through light touch innovation grant with high aid intensity; increase innovation advice to groups of companies (e.g. expand existing approaches i.e. “Winning through Innovation”); and additional grant support for innovative high growth starts. Secure new power under the EU “Young Innovative Enterprise” scheme.
- 12) Increase focus on business to business collaboration.

European Structural Funds

6.78 General background on European Structural Funds was provided in Section 2. In the Lowlands and Uplands area of Scotland (i.e. outwith the Highlands and Islands, but including north east Moray), the ERDF and ESF programmes are delivered under the Regional Competitiveness and Employment Objective. This Objective aims to strengthen the competitiveness and attractiveness of Europe's regions through innovation and knowledge-based economy; environment and risk prevention; and access to transport and telecommunications services of general economic interest. The Aberdeenshire and Angus parts of the CNP are eligible for funding under the Lowlands and Uplands of Scotland Programmes (LUPS), the key functions of which, are administered on behalf of the Scottish Government by ESEP Ltd. <http://www.esep.co.uk>

Lowlands and Uplands of Scotland Programme Priorities

6.79 In the LUPS area, the overall vision for the ERDF programme is “to encourage the growth of the region's economy within a sustainable development framework and thereby enable all parts of the region to contribute to achieving the Lisbon Agenda goals”. The programme operates through four priority areas:

- Priority 1 - Research and innovation;
- Priority 2 - Enterprise growth and entrepreneurship;
- Priority 3 - Urban regeneration; and
- Priority 4 - Rural development.

6.80 The visions for the ESF programme in the LUPS area is “to contribute towards sustainable growth in the size and skills of the Scottish workforce in line with the Lisbon Jobs and Growth Agenda, in a climate which offers equality of opportunities to individuals to achieve their full potential”. There are three priority areas under this programme:

- Priority 1 - Progressing into employment;
- Priority 2 - Progressing through employment; and
- Priority 3 - Improving access to lifelong learning.

ERDF/ESF Funded Projects

6.81 The ERDF and ESF programmes currently in operation in Scotland are being delivered over the period 2007 to 2013. To date, there have been three rounds of funding approved for both programmes in the LUPS area. The most recent round of approvals for ERDF was announced in April 2010, while funding awards for ESF were announced in May 2010. Some specific projects that have received funding under the different ERDF/ESF funding rounds announced to date and which may be of relevance to business and community support in the Angus part of the CNP are highlighted below (details of funded projects that may be of relevance to the whole CNP are provided in Section 2).

ERDF-funded projects

- **Perth & Kinross Council – Unlocking the Economic Potential of Rural Areas in Perthshire and Angus.** This project received ERDF approval in March 2008 and covers the **Angus** part of the CNP. The application was made jointly by Perth & Kinross Council (the lead partner), Angus Council and Scottish Enterprise Tayside. It is aimed at improving the competitiveness of the local tourism sector and is running for four years over the period 2008/09 to 2011/12. The LUPS ERDF programme awarded £416,000 to the project, with Angus Council contributing a further £150,000. Including contributions from Perth & Kinross Council and Scottish Enterprise Tayside, the total funding package for the project was £1.04 million. The Angus Council contribution relates mainly to the funding of a tourism business advisor post, but also other activities, such as marketing. It is likely that this post forms part of the business advisor posts referred to in the “Angus Council” section of this chapter.
- **Oatridge College – GrowBiz Project** (announced April 2009). This scheme will be available in the **Angus** part of the CNP. Part-funded by the ERDF in 2005, Oatridge College in West Lothian developed a Landbased Industries Support Service (LISS). This initiative was aimed at providing support to land-based SMEs seeking to grow, develop or diversify, as well as encouraging the creation of new enterprises in the rural economy. In-house expertise was utilised to offer advice, networking opportunities and business guidance. The GrowBiz project aims to create a new business improvement scheme, a knowledge transfer “hub” and a unique online resource for rural businesses. It will build on the success of the one-stop-shop provided by LISS to offer support and advice on business development, business start-up and farm diversification, by tapping in to the expertise of Oatridge’s academic staff in a wide range of industries. The ERDF programme in the LUPS area has awarded just over £100,000 to the project.
- **Scottish Enterprise – Business Efficiency programme; and Rural Business Property Support** (announced April 2009). Both schemes will be available across the **Aberdeenshire** and **Angus** areas of the CNP. The Business Efficiency programme is aimed at helping growing Scottish businesses to reduce costs and improve efficiencies and was awarded over £4.9 million under LUPS ERDF. The Rural Business Property Support project (awarded £385,000 under LUPS ERDF) will provide support for capital investment in the creation of new sites or premises, or the extension or adaptation of existing buildings, for rural businesses.
- **Scottish Enterprise – Advanced Entrepreneurial and Pre Incubation Support; and Support for Young Innovative Enterprises** (announced April 2010). Both these schemes will be available across the **Aberdeenshire** and **Angus** areas of the CNP. Advanced Entrepreneurial and Pre Incubation Support will provide entrepreneurial training and support by linking businesses to universities that can assist their development. The project will aim to provide financial support to 87 enterprises potentially resulting in 352 new business start ups. Over £1.28 million was awarded to this project under LUPS ERDF. Support for Young Innovative Enterprises has been awarded over £2.8 million from LUPS ERDF. The project aims to assist 15 young technology companies with selective grant funding. The project

will make use of specialists and seasoned entrepreneurs with industry expertise to advise clients on management teams, fund raising and access to markets.

- 6.82 Other projects announced by LUPS for ERDF awards in April 2009 and which may be of relevance to both **Aberdeenshire** and **Angus** include: **“Supporting SMEs within Scotland’s Food & Drink Sector”** (Glasgow Caledonian University); and **“Developing the ICT Business Base”** (Robert Gordon University). In addition, the following two projects may also be of relevance to **Angus**: **“Enterprising Tayside”** (Dundee City Council); and **“Inspiring Enterprise”** (Perth College).

ESF-funded projects

- **Angus College – Virtual Learning for Angus.** This project covers the **Angus** part of the CNP. Virtual Learning Angus is a collaborative partnership with Robert Gordon University. The project aims to transform the way in which learning is delivered across Angus in a way that takes cognisance of the barriers faced in accessing higher education in a rural environment. Its key objectives are to: address the degree deficit in Angus to aid labour market response to employment growth in new occupational areas; and widen access to learning for groups who have faced barriers to post-school learning in the past as a result of rurality and/or work commitments. In order to achieve these goals the partners will use virtual learning as a vehicle to increase participation in lifelong learning in a manner not previously possible due to geographical isolation. The LUPS ESF programme awarded £122,700 to the project in April 2008.

7. PRINCIPAL WEBLINKS

- 7.1 A list of websites and links to the different sources of assistance referred to in this audit are provided below.

Organisation/Service	Programme/Scheme/Nature of Support	Website Details
Business Gateway	Advice and information for new and existing businesses	http://www.bgateway.com
Prince's Scottish Youth Business Trust	Financial support for young people starting up in business	http://www.psybt.org.uk
Scottish Government	<p>Third Sector support:</p> <p>Scottish Investment Fund (managed by Social Investment Scotland)</p> <p>Social Entrepreneurs Fund (managed by Firstport) and UnLtd Awards (managed by Firstport and Scotland UnLtd)</p>	<p>http://www.scotland.gov.uk/Topics/People/15300/funding/investment-fund http://www.scottishinvestmentfund.co.uk</p> <p>http://www.scotland.gov.uk/Topics/People/15300/funding/Fund http://www.firstport.org.uk http://www.unltd.org.uk/template.php?ID=23</p>
	<p>Scotland Rural Development Programme:</p> <p>Crofting Counties Agricultural Grant Scheme</p> <p>Food Processing, Marketing and Co-operation Grant Scheme</p> <p>Challenge Funds (managed by Forestry Commission Scotland)</p> <p>The LEADER initiative</p> <p>Less Favoured Area Support Scheme</p> <p>Rural Development Contracts, including Land Managers Options and Rural Priorities</p>	<p>http://www.scotland.gov.uk/Topics/Rural/SRDP</p> <p>http://www.scotland.gov.uk/Topics/Rural/SRDP/CCAGS</p> <p>http://www.scotland.gov.uk/Topics/Rural/SRDP/ProcessingandMarketing</p> <p>http://www.scotland.gov.uk/Topics/Rural/SRDP/ChallengeFunds http://www.forestry.gov.uk/forestry/inf-d-7epeed</p> <p>http://www.scotland.gov.uk/Topics/Rural/SRDP/LEADER</p> <p>http://www.scotland.gov.uk/Topics/Rural/SRDP/LFASS</p> <p>http://www.scotland.gov.uk/Topics/Rural/SRDP/Land-Managers-Options http://www.scotland.gov.uk/Topics/Rural/SRDP/RuralPriorities</p>

	Skills Development Scheme	http://www.scotland.gov.uk/Topics/Rural/SRDP/Skills
Forestry Commission Scotland	Rural Development Contracts (part of SRDP), including Rural Priorities and Land Managers Options Challenge Funds (part of SRDP), including Woodlands In & Around Towns and Forestry for People	http://www.forestry.gov.uk/forestry/infd-6wxjmk http://www.forestry.gov.uk/forestry/infd-7epeed
Scottish Natural Heritage	Grant support	http://www.snh.org.uk/about/ab-grants.asp
Scottish Development International	Helping companies to grow by accessing new markets	http://www.sdi.co.uk
Scottish Manufacturing Advisory Service	Advice, training and events for the manufacturing sector	http://www.scottish-enterprise.com/sedotcom_home/your-sector/manufacturing.htm
Skills Development Scotland	Skills, career and learning support for individuals and employers Careers Scotland learndirect scotland ILA Scotland learndirect scotland for business ScotAction Services for Employers	http://www.skillsdevelopmentscotland.co.uk http://www.careers-scotland.org.uk http://www.learndirectscotland.com http://www.ilascotland.org.uk http://www.lds4b.com http://www.skillsdevelopmentscotland.co.uk/scotaction.aspx http://www.skillsdevelopment.scotland.co.uk/our-services-for-employers
VisitScotland	Growth Fund	http://www.visitscotland.org/default.aspx?page=74

Cairngorms National Park Authority	<p>Training courses, including Cairngorms Connections; Cairngorms Awareness & Pride; and Land Based Business Training</p> <p>Cairngorms Local Action Group (LEADER)</p>	<p>http://www.cairngorms.co.uk/cnpaservices/training</p> <p>http://www.cairngorms-leader.org/index.asp</p>
Community Energy Scotland	<p>Communities and Renewable Energy Scheme (managed on behalf of Scottish Government)</p> <p>Other grants, such as for Income Generating projects</p> <p>Community renewable energy toolkit</p>	<p>http://www.communityenergyscotland.org.uk/cares.asp</p> <p>http://www.communityenergyscotland.org.uk/grant-funding.asp</p> <p>http://www.communityenergyscotland.org.uk/community-renewable-energy-toolkit.asp</p>
Awards for All Scotland	National Lottery small grants scheme	http://www.awardsforall.org.uk/scotland/
Heritage Lottery Fund	<p>Your Heritage Programme</p> <p>Heritage Grants Programme</p> <p>Young Roots Programme</p>	<p>http://www.hlf.org.uk/HowToApply/programmes/Pages/yourheritage.aspx</p> <p>http://www.hlf.org.uk/HowToApply/programmes/Pages/heritagegrants.aspx</p> <p>http://www.hlf.org.uk/HowToApply/programmes/Pages/youngroots.aspx</p>
Cairngorms Business Partnership	Membership-based organisation for businesses across the CNP	http://visitcairngorms.com
Other Business Organisations	<p>Cairngorms Chamber of Commerce (now part of the CBP)</p> <p>Royal Deeside and the Cairngorms</p> <p>Glenlivet and the Cairngorms</p>	<p>http://www.aviemore.co.uk</p> <p>http://www.discoverroyaldeeside.com/</p> <p>http://www.highland-holidays-scotland.co.uk/</p>

	<p>Cairngorms Hostels http://www.cairngormshostels.co.uk/</p> <p>Creative Cairngorms http://www.creativecairngorms.co.uk/</p> <p>Ballater Business Association http://www.visitballater.com/ballaterbusiness.html</p>
Scottish Council for Voluntary Organisations	<p>Rural Direct http://www.ruraldirect.org.uk/</p>
European Structural Funds	<p>HIPP Ltd, covering programmes in the Highlands and Islands http://www.hipp.org.uk</p> <p>ESEP Ltd, covering programmes in the Lowlands and Uplands of Scotland http://www.esep.co.uk</p>
Highland Council / Highland Opportunity Ltd	<p>Highland Council http://www.highland.gov.uk</p> <p>HOL services comprising financial assistance and support for businesses, young enterprise and community enterprise (including Highland Business Growth Fund; the Opportunity Fund; European Business Services; PSYBT; and Community Enterprise Loan Fund). http://www.highland-opportunity.com/4-square.html http://www.highland-opportunity.com/highland-business-growth-fund.htm http://www.highland-opportunity.com/Opp_Fund.html http://www.highland-opportunity.com/European_Business.html http://www.highland-opportunity.com/copy-psybt.html http://www.highland-opportunity.com/copy-CELF.html</p> <p>HOL Employment Grants Scheme http://www.highland-opportunity.com/EGS</p> <p>HOL Business Gateway http://www.highland-opportunity.com/business-gateway.htm http://www.bgateway.com</p> <p>Rural Development Grant http://www.highland-opportunity.com/business-start-up-grants.htm</p>
Enterprise Europe Scotland	<p>European Business Service http://www.enterprise-europe-scotland.com/</p>

The Green Business Partnership (formerly the Business Environment Partnership)	Free and subsidised assistance with environmental management to SMEs in Scotland	http://www.thebep.org.uk/
Highlands & Islands Enterprise	HIE Working with businesses Business support Finding new markets Key industry sectors Learningworks skills resource Working with communities Community Land Unit	http://www.hie.co.uk http://www.hie.co.uk/businesses http://www.hie.co.uk/innovation http://www.hie.co.uk/find-new-markets http://www.hie.co.uk/Key%20industries/sectors.html http://www.hie.co.uk/learningworks http://www.hie.co.uk/strengthen-your-community.htm http://www.hie.co.uk/CommunityLand.htm
Scottish Crofting Foundation	Training support – Crofting Induction Course and Crofting & Small Landholders Training Programme	http://www.croftingfoundation.co.uk/index.php/training/62
UHI Millennium Institute	HI Links Project – academic advice and support for businesses developing new products, processes and ideas	http://www.hilinks.uhi.ac.uk
Highlands & Islands Social Enterprise Zone	Advice and guidance for social enterprise organisations in the Highlands & Islands	http://www.hisez.co.uk
Moray Council/ Highland Opportunity Limited	Moray Council HOL/Business Gateway	http://www.moray.gov.uk http://www.highland-opportunity.com/business-gateway.htm http://www.bgateway.com

	Information and support for accessing funding	http://www.morayfundingsupport.org/
Aberdeenshire Council	<p>Aberdeenshire Council</p> <p>Business Information</p> <p>Financial support covering Support for Aberdeenshire Business Scheme (including Development, Rental and Job Creation Grants; Sustainable Business Grants; Loans; and Rural Shop Support Scheme); and Aberdeenshire Community Asset Fund</p> <p>Enterprise North East Trust/Business Gateway</p> <p>Grampian Food Forum Innovation & Business Growth Programme 2010</p>	<p>http://www.aberdeenshire.gov.uk</p> <p>http://www.aberdeenshire.gov.uk/business/index.asp</p> <p>http://www.aberdeenshire.gov.uk/support/finance/index.asp http://www.aberdeenshire.gov.uk/support/finance/sab.asp http://www.aberdeenshire.gov.uk/support/finance/shop.asp</p> <p>http://www.aberdeenshire.gov.uk/support/ced/cedassetfund.asp</p> <p>http://www.enetrust.com/home/home.asp http://www.bgateway.com</p> <p>http://www.aberdeenshire.gov.uk/support/food/events/businessgrowthprogramme2010.asp</p>
Aberdeen & Grampian Chamber of Commerce	Organisation for businesses in Aberdeen and Grampian	http://www.agcc.co.uk/
Scottish Enterprise	<p>General information</p> <p>Key sectors</p> <p>Tourism Innovation</p> <p>Growing a business</p> <p>Starting a high-growth business</p> <p>Equity Funding, including the</p>	<p>http://www.scottish-enterprise.com</p> <p>http://www.scottish-enterprise.com/sedotcom_home/your-sector.htm</p> <p>http://www.scottish-enterprise.com/sedotcom_home/your-sector/sector-tourism/tourism-initiatives/tourism-innovation.htm</p> <p>http://www.scottish-enterprise.com/sedotcom_home/grow-your-business.htm</p> <p>http://www.scottish-enterprise.com/sedotcom_home/start-your-business.htm</p> <p>http://www.scottish-enterprise.com/equity-funding</p>

	<p>Scottish Seed Fund, Scottish Co-investment Fund and Scottish Venture Fund</p> <p>Research and Development Grants</p> <p>Business support grants, including Regional Selective Assistance and Smart:Scotland</p>	<p>http://www.scottishbusinessgrants.gov.uk/rsa/998.html http://www.scottishbusinessgrants.gov.uk/rsa/1000.html</p> <p>http://www.scottishbusinessgrants.gov.uk http://www.scottishbusinessgrants.gov.uk/rsa/208.html http://www.scottishbusinessgrants.gov.uk/rsa/999.html</p>
Angus Council	<p>Angus Council</p> <p>Business Advice</p> <p>Enterprise North East Trust/ Business Gateway</p> <p>Business support schemes, including Angus Grant Scheme and Market Development Grant</p> <p>Angus Ahead</p> <p>Rural Shops & Community Post Office Grant Scheme</p> <p>External Funding Team</p> <p>Community Grant Scheme</p> <p>Community funding support website for the Angus area</p>	<p>http://www.angus.gov.uk</p> <p>http://www.angus.gov.uk/services/View_Service_Detail.cfm?serviceid=1405</p> <p>http://www.enetrust.com/home/home.asp http://www.bgateway.com</p> <p>http://www.angus.gov.uk/services/View_Service_Detail.cfm?serviceid=1029</p> <p>http://www.angusahead.com</p> <p>http://www.angus.gov.uk/services/View_Service_Detail.cfm?serviceid=1287</p> <p>http://www.angus.gov.uk/services/View_Service_Detail.cfm?serviceid=1050</p> <p>http://www.angus.gov.uk/externalfunding/communitygrant/default.html</p> <p>http://www.open4community.info/angus/Default.aspx</p>
Dundee & Angus Chambers of Commerce	Organisation for businesses in the Dundee and Angus area	http://www.dundeeandanguschamber.co.uk
European Structural Funds	HIPP Ltd, covering programmes in the Highlands and Islands	http://www.hipp.org.uk

	ESEP Ltd, covering programmes in the Lowlands and Uplands of Scotland	http://www.esep.co.uk
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