



REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 16 MAY 2019

FUNDS DISTRIBUTED BY ECONOMIC DEVELOPMENT SCHEMES AND BUSINESS GATEWAY ACTIVITY 2018-19

1 Recommendations

The Committee is recommended to:

- 1.1 **Endorse the information on the distribution of funds from the ‘Support for Aberdeenshire Business Scheme’ in 2018-19 as outlined in Appendices 1 and 2; the First Employee Grant Scheme outlined in section 2.6; the Social Enterprise Support Scheme outlined in Appendix 3; and the Business Gateway contract progress in 2018-19, as outlined in section 2.8 and Appendix 4.**
- 1.2 **Note the outcome of the discussions on the possible introduction of a new grant to encourage the development of new digital technologies, outlined in section 2.9 below.**

2 Background/Discussion

2.1 This is an annual report that informs the Committee Members of the funds distributed through the Support for Aberdeenshire Business Scheme and work carried out under the Business Gateway contract each year. This report describes the funds distributed in support of business development in year 2018-19.

2.2 **Support for Aberdeenshire Business (SAB) Scheme 2018-19**

The SAB grant and loan Scheme is for businesses operating within Aberdeenshire, or businesses moving into Aberdeenshire, that have a proposal to develop their business. To qualify a business has to demonstrate that their proposal meets the following criteria:

- (a) The proposal brings additional economic benefit to Aberdeenshire.
- (b) The proposal demonstrates viability.
- (c) The proposal has the potential to increase employment in the Aberdeenshire area.
- (d) The proposal proves that there is a need for top up finance over and above what is available on the open market or within the business.
- (e) The proposal does not have a detrimental effect on existing local businesses.

More details on the SAB Scheme can be found at:
<https://www.aberdeenshire.gov.uk/business/support-and-advice/financial-support/support-for-aberdeenshire-business/>

- 2.3 The SAB Scheme has been operating since 1998 and was last reviewed in 2017. On 16 March 2017 (Item 16), Infrastructure Services Committee (ISC) approved the reintroduction of a first employee grant scheme and the number of grants on offer through the SAB scheme was reduced so that there would be budget for the new First Employee Grant Scheme.
- 2.4 Appendix 1 gives a breakdown of the SAB grants and loans awarded in the year 2018-19 by Council Area. The table shows that last year the SAB Scheme assisted 22 businesses. The Scheme also helped to create 38 jobs and safeguard 3.5 jobs. In addition 21 jobs were created through the First Employee Grant (see Section 2.6). The funding from the SAB Scheme helped to lever in £605,040 of investment from other sources.
- 2.5 Appendix 2 shows how the businesses receiving SAB support were distributed by industry sector. Most of the businesses assisted are in the Tourism sector.
- 2.6 The new **First Employee Grant Scheme**, which helps businesses take on their first employee with a £1,000 grant and advice, was relaunched in September 2017 as part of the SAB scheme. In 2018-19 there were 21 businesses that were awarded funding to assist them in taking on their first employee.
- 2.7 **Social Enterprise Support Fund 2018-19**
In October 2017 a new Social Enterprise Support (SES) Fund was introduced with a one-off fund of £200,000 which is held in the Council reserves. The SES Fund was to operate till March 2019 but all the funds were allocated by the end of January 2019. In the past year 2017-18 two social enterprises were awarded funding and in 2018-19 a further 20 organisations were awarded Social Enterprise Support funds. Details of recipients and awards are given in Appendix 3 and once all the funds have been distributed there will be a further report to this Committee giving information on the impact of the Fund.
- 2.8.1 **Business Gateway in 2018-19**
Business Gateway, funded by the Scottish Government, provides business support to pre-starts, start-ups, and growth businesses. Aberdeenshire Council is the lead authority and is responsible for ensuring provision in Aberdeen City and Aberdeenshire. The current contract for delivery, which started on 1 April 2017, is held by Enterprise North East Trust trading as Elevator.
- 2.8.2 Targets and Results for the Business Gateway Contract
A summary of the results achieved for the year to 31 March 2019 is shown in Appendix 4.
- 2.8.3 Key points to note in the delivery of the Business Gateway contract 2018-19 are as follows:

- a) The new Business Gateway target of 1,150 evidenced start-ups was met this year. Of the 1,150 start-ups, 558 (49%) were in Aberdeen City and 592 (51%) were in Aberdeenshire.
- b) Start-up businesses, that are projected to grow and employ staff, benefit from the support of a dedicated business adviser and additional time is provided by the European Regional Development Fund. 150 businesses received this service with an equal split between those based in Aberdeen City and those based in Aberdeenshire.
- c) Growth businesses are those that are expected to turnover more than £200k within 3 years and this group of businesses receive enhanced support. The Business Gateway service met their target and assisted 115 Growth businesses of which 42% were based in Aberdeenshire and 58% in Aberdeen City. This is a slight fall from last year which was more evenly split.
- d) The best performing businesses move from Business Gateway to Scottish Enterprise to be Account Managed. There has been an increase over last year with 12 businesses being accepted into account management in this region.
- e) The European Regional Development Fund (ERDF) is used to support two types of business service. Firstly, new businesses that plan to take on employees receive extra support once they start to trade. This is an addition to the normal service. Secondly, existing businesses which don't meet the growth criteria but do have some growth potential can take part in the Business Boost programme. 2018/19 saw 165 businesses access this support to grow their businesses. Business Gateway services funded through ERDF are worth around £800,000 each year.
- f) This region had the highest attendance for business workshops in Scotland with almost 4,000 attendees over the year. Outside of Aberdeen, workshops were held in Inverurie, Peterhead, Banff and Huntly.
- g) Our region also benefited from over £100,000 worth of funding from the Scottish Government to train businesses to become more digital. The DigitalBoost programme consisted of social media workshops and one to one training.

More information on the Business Gateway support offered to businesses can be found at <http://www.bgateway.com/>

- 2.9 On 10 May 2018, this Committee agreed that officers investigate a new grant to assist businesses with developing new digital technologies where no jobs would be created. This was to help activities such as creating an App. Officers researched what grants were on offer for this type of activity from other agencies and the demand for such a grant. Officers also took into consideration the fact that the SAB budget is reducing and is also having to now cover the First Employee Grant, which has proved popular. The conclusion was that there was not enough budget, or justification, for a new grant to help this digital activity especially where no new jobs were being created.

- 2.10 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

- 3.1 The Committee is able to consider this item in terms of Section F1.1b of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to the approval of resources to support Economic Development.

4 Equalities, Staffing and Financial Implications

- 4.1 An Equality Impact Assessment, and a Town Centre Impact Assessment, were carried out before introducing the changes to the Support for Aberdeenshire Business Scheme. Only positive impacts were identified.
- 4.2 There will be no staffing implications arising from this report.
- 4.3 SAB grants awarded in 2018-19 were met from the Economic Development Revenue Budget, page 67, line 19, "Business Support". The cash requirement for SAB loan financing is met from an element within the Council's borrowing. The repayment of all loans issued last year has been in line with the loan agreements. The Business Gateway Programme 2018-19 is funded through the Business Gateway budget shown on the Economic Development Budget, page 67, line 22 under "Business Gateway".
- 4.4 The interest element for the SAB loans in 2018-19 came from the applicant and the Economic Development Budget, page 67, line 19, "Business Support". For the past five years the service has set aside £10,000 to pay for the interest element not covered by the applicant. The average payment for interest in the past five years has been £7,000.
- 4.5 The following risks have been identified as relevant to this matter on a Corporate Level: Budget Pressures; Changes in government policy, legislation and regulation; Working with other organisations; Reputational Management. The following risks have been identified as relevant to this matter on a Strategic Level: Community Empowerment, City Region Deal, Regeneration and Economic Development.

Stephen Archer
Director of Infrastructure Services

Report prepared by Morna Harper, Service Manager, Economic Development
2 April 2019

**SUPPORT FOR ABERDEENSHIRE BUSINESS SCHEME
SUPPORT APPROVED 2018-19**

Appendix 1

AREA	NO. OF BUSINESSES ASSISTED	TOTAL AMOUNT £	OTHER FUNDING LEVERED IN £
Banff and Buchan	5		498,128 *
Grants		35,269	
Loans		25,100	
Buchan	5		35,078
Grants		30,788	
Loans			
Formartine	2		12,632
Grants		12,632	
Loans			
Garioch	4		20,929
Grants		16,770	
Loans			
Kincardine and Mearns	2		3978
Grants		3978	
Loans			
Marr	4		34,295
Grants		22,594	
Loans			
Total	22		
Grants	22	122,031	
Loans	1	25,100	

1 business in Banff & Buchan received a grant and a loan

***1 business in Banff & Buchan invested a substantial amount in new equipment of £198,250, which impacted the leverage figures.**

In addition there were 21 businesses that received a First Employee Grant in 2018-19.

Appendix 2

BUSINESSES RECEIVING SAB ASSISTANCE BY INDUSTRY

Industry	2016-17	2017-18	2018-19
Engineering	4		5
Business Services	2	1	
Tourism	7	5	7
Renewables			
Recycling			
Energy	3	3	2
Food and Drink	12	9	3
Community Economic Development	1		
Rural Shop	1		2
Social Services			
Software/Technology			1
Training	2		
Textiles			1
Manufacturing	2	1	
Craft			
Sports			
Building and trades	1		
Fishing, Agriculture and Forestry			
Harbours (new for 18/19)			1
TOTALS	35	19	22

Appendix 3

SOCIAL ENTERPRISE SUPPORT SCHEME 2017 TO 2019

Organisations Receiving Social Enterprise Support Fund Grants	Grant Awarded £
Gordon Rural Action	2,000
Starsparks, Stonehaven	4,140
Mintlaw & Central Buchan Initiative	10,000
Banffshire Partnership	2,185
Braemar Care	5,025
Vanilla Ink, Banff	13,000
Friends of Aden	3,116
The Seed Box, Deeside	9,000
Inspire Partnership Through Life, Huntly and Stonehaven	26,000
Woodend Arts Ltd, Banchory	11,000
Fly Cup Catering Ltd, Inverurie	11,525
North East Transport Training, Ellon	4,000
Wood Recyclability, Pitmedden	6,400
Buchan Community Farm, Maud	17,367
New Deer Community Association	9,900
Because Everyone Counts, Inverurie	21,086
Newtonhill Community Hall Assoc	15,000
Huntly & District Development Trust	10,000
Shape Up Peterhead	10,000
Modo Circus with Purpose, Peterhead	10,000
Kincardine Development Partnership	7,350
The Brave Outdoors, Peterhead	9,987

Applicants could apply for different grants within the Social Enterprise Support Fund and most applicants applied for more than one grant. The different grants within the Fund were:

- Salary Subsidy Grant
- Expert Help Grant
- Training Grant
- Feasibility Study Grant
- Establishment Grant

APPENDIX 4

BUSINESS GATEWAY - ABERDEENSHIRE AND ABERDEEN CITY

TARGETS v ACTUALS 2018-19

SERVICE	TARGET 2018-19	ACTUAL 2018-19
Total new start-ups assisted	1,150	1,150
Early Stage Growth (projected to employ staff)	150	150
Businesses assisted to increase turnover by >£200k over the next 3 years	115	115
Businesses assisted to increase turnover by >£400k over the next 3 years	46	68
Businesses accepted for Account Management by Scottish Enterprise	10	12
Bespoke local events delivered	10	10
Start-up workshops delivered	192	193
Existing business workshops delivered	100	101