



BUSINESS GATEWAY SERVICES: PERFORMANCE UPDATE 2024-25

Report by Chief Officer, Economic & Community Regeneration

PURPOSE

- 1.1 The purpose of the Report is to update the Comhairle on the performance of Business Gateway services in 2024-25.

EXECUTIVE SUMMARY

- 2.1 The Business Gateway service has been operational for 16 years and is delivered nationally by Local Authorities on behalf of the Scottish Government. The Outer Hebrides Business Gateway (OHBG) also delivers a range of Comhairle and externally funded packages of support to local businesses across the Outer Hebrides.
- 2.2 The local business community faced numerous challenges during 2024-25 - including economic uncertainty, world events, rising costs of doing business, inflation, fluctuating interest rates, the cost of living, and difficulties in accessing skilled labour. Despite this, business confidence increased locally to some degree, resulting in many businesses putting forward investment plans for support, encouraged by the Comhairle's funding and support packages.
- 2.3 Despite a dip in local business start-up activity, overall performance indicators were encouraging - with significant increases in the number of business enquiries received and the number of existing businesses supported to achieve growth. Additionally, over 100 FTE jobs were created or safeguarded due to Business Gateway interventions.
- 2.4 A new two-year phase of the Outer Hebrides Young Enterprise Scheme (OHYESS) was approved in April 2024. This scheme is a partnership between the Comhairle and Highlands & Islands Enterprise (HIE).
- 2.5 Despite the challenges faced in 2024-25, overall results and achievements were good. The extension of the Comhairle's UKSPF digital scheme for an additional year will facilitate business development through the adoption and advancement of digital technology. The Business Gateway service will continue to promote its services widely across various online platforms and engage in productive partnerships to support the local business community during 2025-26.

RECOMMENDATIONS

- 3.1 **It is recommended that the Comhairle agrees to note the range and scale of support delivered successfully to Outer Hebrides businesses by Business Gateway during 2024-25.**

Contact Officer: Norman MacLean, Senior Business Development Officer, 217305
nmaclean@cne-siar.gov.uk

Appendices: None.

Background Papers: Report to Sustainable Development Committee, 23 April 2024.

IMPLICATIONS

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

Resource Implications	Implications/None
Financial	There are no financial implications.
Legal	None.
Staffing	There are no staff implications, Business Gateway staff will continue to deliver the core BG service and the various internal/external programmes.
Assets and Property	None
Strategic Implications	Implications/None
Risk	The principal risk is ensuring that all funding schemes have been delivered per internal and external partner eligibility criteria.
Equalities	None.
Corporate Strategy	Economy and Jobs - to collaborate with partners, Scottish and UK Government to strengthen our local economy and our communities. The current activity is a key element of the Comhairle's Economic Recovery Strategy, as agreed by Comhairle nan Eilean Siar in August 2020
Environmental Impact	None.
Consultation	None.

BACKGROUND

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

OUTER HEBRIDES BUSINESS GATEWAY PERFORMANCE (2024-2025)

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

BG National Performance Indicators	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Business Start-up	48	51	41
Pre-start Business Enquiries	188	184	212
Existing Business Enquiries	267	190	236
Local Priority (growth below £200k within 3 years) *	N/A	N/A	31
BG Growth (growth above £200k within 3 years) *	N/A	N/A	3

*New segments introduced in 2024-25

- 6.2 The introduction of new funding schemes resulted in a 50% increase in the number of businesses supported to achieve growth.
- 6.3 Key Performance Indicators (KPIs) in respect of Outer Hebrides Business Gateway are recorded by the Comhairle's 'Interplan' performance management system and reported on a regular basis, as detailed below:

<u>Key Performance Indicators (2024-2025)</u>	<u>Target</u>	<u>Actual</u>
Number of business skills workshops/ webinars delivered	15	8
Existing businesses supported to achieve growth-targets	5	39
Number of jobs created and/ or safeguarded	45	103
Number of young people supported in business	40	76
Number of new business enquiries dealt with	280	448
Number of new start-up businesses supported	35	41

- 6.4 In terms of performance against target, some positive results were achieved in what was a challenging year – particularly in the number of growth businesses supported. Without access to funding, most of these businesses would not have proceeded with their development plans, which demonstrates the significance of the Comhairle's business investment schemes across the Outer Hebrides.
- 6.5 Performance in relation to start-ups was also challenging, with a 20% decrease on the previous year, though the target for start-ups was nevertheless achieved. The following table indicates the number of business start-ups (BSU) supported per 10k working population. Historically, the Outer Hebrides typically achieves the highest start-up rate per 10k working age population. However, the decrease in 2024-25 placed it lower in the rankings. Despite this, the OHBG still achieved an encouraging number of start-ups, finishing closely behind Highland and Shetland

Number of Business Start Ups (BSU) supported (2024-25) Per Working Age Population

<u>Council (BG) Area</u>	<u>Number of BSU Supported</u>	<u>Change from the previous year</u>	<u>Number of Start-ups per 10k Working Age Population</u>
Orkney	50	Up 15 (43%)	36.37
Argyll & Bute	152	Up 16 (12%)	29.05
Shetland	38	Down 5 (12%)	26.73
Highland	383	Up 26 (7%)	25.88
Outer Hebrides	41	Down 10 (20%)	25.80
Moray	106	Up 1 (1%)	17.60

- 6.6 The following table draws start-up comparisons from all areas in Scotland. It is noted that Orkney leads the list with the Outer Hebrides sitting comfortably in the top half of the table.

	BG Area	No. of Start-ups		BG Area	No. of Start-ups
1	Orkney	36.37	17	Renfrewshire	22.51
2	West Dumbartonshire	33.56	18	Midlothian	21.81
3	Scottish Borders	33.47	19	Inverclyde	20.69
4	Stirling	31.09	20	Aberdeen City	19.22
5	East Ayrshire	30.44	21	Dumfries & Galloway	18.41
6	Dundee City	29.21	22	South Ayrshire	18.08
7	Argyll & Bute	29.05	23	East Renfrewshire	18.02
8	Angus	28.63	24	Moray	17.60
9	West Lothian	26.81	25	Falkirk	17.23
10	Perth & Kinross	26.73	26	East Lothian	15.53
11	Shetland Islands	26.73	27	East Dumbartonshire	15.52
12	Highland	25.88	28	North Lanarkshire	13.62
13	Outer Hebrides	25.80	29	North Ayrshire	13.14
14	Clackmannanshire	25.48	30	South Lanarkshire	11.76
15	Aberdeenshire	24.35	31	Edinburgh City	11.12
16	Fife	23.78	32	Glasgow City	9.54

- 6.7 The number of business enquiries dealt with in 2024-25 increased by 20% on the previous year. The following table shows the number of new business enquiries dealt with per 10k working age population, with the Outer Hebrides ahead by a considerable margin.

	BG Area	No. of Start-ups		BG Area	No. of Start-ups
1	Outer Hebrides	354.31	17	Edinburgh City	80.91
2	Shetland Islands	172.32	18	West Lothian	78.35
3	Orkney	168.01	19	Midlothian	75.50
4	Argyll & Bute	136.82	20	West Dumbartonshire	71.89
5	Highland	132.32	21	Clackmannanshire	70.61
6	Angus	112.81	22	South Ayrshire	70.26
7	Moray	110.41	23	Falkirk	69.00
8	Perth & Kinross	107.35	24	East Lothian	68.84
9	Fife	99.75	25	North Lanarkshire	68.61
10	Scottish Borders	99.12	26	East Dumbartonshire	66.95
11	Aberdeenshire	98.25	27	North Ayrshire	66.66
12	Dumfries & Galloway	95.33	28	Stirling	65.64
13	Aberdeen City	89.27	29	South Lanarkshire	65.52
14	Dundee City	87.31	30	Glasgow City	64.61
15	East Ayrshire	84.59	31	East Renfrewshire	63.51
16	Renfrewshire	82.73	32	Inverclyde	56.95

- 6.8 During Covid-19, the programme of Business Skills Workshops was replaced with online Webinars. The transition from a one-to-many classroom setting to online delivery was smooth and participant feedback received has been consistently good. With location no longer a barrier, it has enabled businesses operating in rural locations to access courses and topics they wouldn't normally have been able to access. In the aftermath of Covid-19, several regions, including the Outer Hebrides, experimented with in-person Workshops once again. However, due to low demand in the Outer Hebrides, the decision was taken to discontinue these sessions and to concentrate instead on the comprehensive Webinar programme offered via the Business Gateway National Unit.
- 6.9 An independent monthly OHBG customer-satisfaction tracking survey is conducted by 'Progressive Partnership'. Key Performance Indicator results for the year to 31 March 2025 were as follows:

Key Performance Indicator (KPI)	All of Scotland	Outer Hebrides
Overall satisfaction (<i>extremely satisfied, very satisfied, satisfied</i>)	81%	94%
Service delivered met expectations. (<i>met or exceeded expectations</i>)	79%	94%
Business benefit gained from service received.	77%	79%
Would recommend Business Gateway (<i>definitely or probably</i>)	82%	91%
Likelihood to keep using	83%	85%
Satisfaction with BG staff	90%	94%

- 6.10 As demonstrated by the above table, overall Outer Hebrides Business Gateway performance compared favourably with the national average across all measures. The lowest score is from 'business benefit', which is unsurprising given the survey is conducted only a month after an initial enquiry.

BUSINESS FUNDING AND ACTIVITY

- 7.1 During 2024-25 the Comhairle's Business Gateway service team delivered the following additional (non-core) business support packages across the Outer Hebrides:
- Revolving Loan Fund (RLF).
 - Outer Hebrides Fisheries Investment Scheme (OHFIS).
 - Outer Hebrides Young Enterprise Support Scheme (OHYESS).
 - Outer Hebrides Business Development Scheme (OHBDS).
 - Outer Hebrides Youth Enterprise Programme (OHYEP).
 - Outer Hebrides Digital Support Scheme (OHDSS); and
 - Assessing applications for Economic Development Sites & Properties (Business Unit) tenancies.
- 7.2 During the period, 53 funding awards were made to a range of businesses across the Outer Hebrides: 20 OHBDS grant awards went to new and existing business (£38,846); six OHYESS grant awards went to young businesses (£37,833); four OHYEP grants went to young entrepreneurs aged 18-35 (£7,830); 15 businesses were awarded OHDSS grants to help develop their digital capability (£44,278); six business development loans were approved (£13,500); and two fisheries investment loans were issued (£80,000).

- 7.3 The amount of funding approved in 2024-25 increased by 22.5% on the previous year. The value of grants delivered in 2021-22 and 2022-23 saw a significant increase, which was due to ERDF funding at that time. Similarly, the value of loans awarded rose substantially due to the high number of fishing-related investment cases. Financial support over the past four years is summarised in the table below:

	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>
Number of Grant Awards	67	41	46	45
Total Value of Grant Awarded	£430,016	£307,323	£104,642	£128,787
Number of Loans Drawn down	11	16	6	8
Value of Loans	£314,500	£427,800	£76,735	£93,500
TOTAL: Number of Loans/ Grants	78	57	52	53
TOTAL: Value of Loans/ Grants	£744,516	£735,123	£181,377	£222,287

- 7.4 Of the £222,287 awarded in 2024-25, Lewis and Harris received £151,313 with the remaining £70,974 going to Uist and Barra. The funding split across the islands of the Outer Hebrides was as follows:

<u>Island</u>	<u>No. of Businesses</u>	<u>Grant (£)</u>	<u>Loan (£)</u>	<u>Total Funding (£)</u>
Lewis	26	84,415	63,500	147,915
Harris	2	3,398	0	3,398
North Uist	7	29,411	0	29,411
Benbecula	2	4,985	0	4,985
South Uist	3	6,578	0	6,578
Barra	1	0	30,000	30,000
TOTAL	40	128,787	93,500	222,287

- 7.5 The following table gives a sector breakdown of start-up and growth businesses supported.

Start-up businesses supported		Existing business supported to grow	
Sector	%	Sector	%
Food & Drink	17	Food & Drink	8
Construction	14	Retail	5
Tourism	14	Service	4
Service	10	Manufacturing	3
Wellbeing & Leisure	10	Wellbeing & Leisure	3
Close Contact	7.5	Arts & Culture	3
Professional	7.5	Fishing & Agriculture	3
Fishing & Agriculture	7.5	Tourism	3
Retail	7.5	Professional	2
Creative	5	Publishing	2
	100	Gaelic	1
		Educational	1
		Childcare	1
		Creative	1
		Construction	1
			100

- 7.6 The Comhairle has been actively involved in supporting the local fisheries sector for over 30 years. In the past five years alone, the Comhairle has invested over £1m in the local fishing fleet, supporting fishers across the islands to purchase newer, faster and more fit-for-purpose fishing vessels. These vessels contribute almost £5m to the local economy in annual landings. Without the Comhairle's

support, these projects would not have proceeded, effectively creating a barrier-to-entry for new young entrants to the fisheries sector. Although just two investments were made in the past year - with a further three in the pipeline - the outlook, though challenging, is positive with Comhairle funding being available to support future sector investment.

- 7.7 During this period, three Comhairle properties for Economic Development purposes - located in Mossend, 7 James Street, and in Castlebay - were leased to local businesses, providing them with an opportunity to expand and develop. In addition, eight businesses and social enterprises with a partial or full focus on Gaelic received guidance and almost £19,000 in grant funding.
- 7.8 It is also encouraging to report that instances of loan-default have remained consistently low over the past 25 years, at just under 3% overall. The Comhairle charges interest on business loans - at either 4% or 6%, - which is designed to mitigate against potential default occurring. Two exceptions being the £2,000 interest-free 'micro-loan' and FIS loans - where interest is charged at commercial rates, currently 7%. The Comhairle's loan interest rates for businesses lending are currently under review.

UPDATE ON EXTERNALLY FUNDED BUSINESS SUPPORT INITIATIVES

Outer Hebrides Young Entrepreneurs Start-up Scheme (OHYESS)

- 8.1 OHYESS is a collaboration between the Comhairle and Highlands & Islands Enterprise (HIE). HIE provides the scheme funding, with the Comhairle providing Business Gateway staff resource to facilitate administration and delivery. Recipients receive funding directly from the Comhairle, with quarterly claims made to HIE. The principal objective of the scheme is to support new and young businesses (up to five years old) in key sectors. The scheme has been operating successfully for five years. The Comhairle received approval in April 2024 to operate the scheme for a further two years.
- 8.2 The impact of OHYESS on the local economy has been significant. Within the past three years, 37 businesses were supported in a range of sectors across the islands, including 47 FTE jobs being created or safeguarded as a result. Businesses supported are expected to generate revenue of almost £4.4m over three years. Some supported businesses are already developing plans to grow and create new jobs, which demonstrates the importance of OHYESS in encouraging and supporting entrepreneurs in developing their businesses.

Outer Hebrides Business Development Scheme (OHBDS)

- 8.3 A report to the Sustainable Development Committee in April 2024 approved the reallocation of £200,000 from the Comhairle's Revolving Loan Fund, to invest in a replacement for the former CERGS scheme. This new fund was named the Outer Hebrides Business Development Scheme (OHBDS).
- 8.4 OHBDS was designed to support economic recovery by assisting local businesses and social enterprises with grants to build resilience and encourage development. Grants of up to £3,000 are available to help secure the expertise, equipment and technology businesses require to start and develop. The principal aim is to stimulate new business investment to support long-term growth.
- 8.5 Since OHBDS was launched in April 2024, 19 businesses have been supported, with almost £34,000 in grants approved for projects totalling £142k. In addition, 10 FTE jobs are expected to be created and 19FTE safeguarded as a result of the support. By Year-3 of trading, the combined turnover of these 19 businesses supported through OHBDS is anticipated to be in the region of £2.6m per annum.

- 8.6 The scheme has been successful in encouraging businesses to grow through small investments and take on new employees. Without OHBDS funding, it is unlikely that these businesses would have invested in growth during such challenging economic conditions.

UK Shared Prosperity Fund

- 8.7 The UK Shared Prosperity Fund (UKSPF) awarded the Comhairle £98,000 to launch the Outer Hebrides Youth Enterprise Programme (OHYEP). The two-year programme commenced in April 2023.
- 8.8 OHYEP was designed to help fill the gap for intensive one-to-one business support, targeted at young entrepreneurs aged 18–40. In addition to a revenue grant of up to £3,000, the package included 21 hours of specialist one-to-one advice. Due to the lower than anticipated uptake and the requirement to meet spend targets, a second scheme was launched – Outer Hebrides Digital Support Scheme (OHDSS). The OHDSS provided grants of up to £5,000 to help develop businesses through the adoption or development of digital technology.
- 8.9 The UKSPF-supported schemes have now concluded, with 28 applications having been processed. Grants of £67,935 were approved, 120 hours of specialist one-to-one support was provided - with 31.5 FTE jobs created, and 16 FTE jobs safeguarded.
- 8.10 A survey of recipients was undertaken with excellent responses received regarding the impact of the UKSPF schemes, and the support provided by the BG team. Thirteen responses were received, resulting in a return rate of 46.5% which is considered reasonable. A summary of the responses are as follows, including some of the comments received (all comments received were positive):
- 85% rated the application process ‘very easy’ or ‘easy’. The remaining 15% found it difficult due a problem with a new online application form which was fixed following the first few applications received.
 - 100% rated the support received during the application process as ‘excellent’.
 - 100% said the communication from the BG team was timely and helpful.
 - 85% rated the service provided by the BG service as ‘excellent’ with the remaining 15% rating it as ‘good’.
 - The impact on the business ‘business benefit’ was rated as 85% ‘a lot’, 7.5% ‘quite a lot’ and 7.5% ‘a little’.
 - Asked whether they would have proceeded without the support, 38.5% ‘yes, but would have taken longer’, 46% ‘partly’ and 15.5% ‘no’.
 - 100% of businesses would use Business Gateway again.

A selection of the feedback received:

- *“We found the BG team to be hugely helpful and encouraging at every stage.”*
- *“The local BG team are extremely proactive and have been critically important in helping us secure support.”*
- *“I have always received excellent help and support from the entire BG team in Stornoway. They have a great understanding of our business and have always done as much as they can to support us from startup and continuously through our development in the past few years.”*
- *“I am extremely grateful for the help and support provided by Business Gateway. Any queries I had were answered promptly and the whole process was very smooth. The help I received from Business Gateway was invaluable and I wouldn't have achieved my business startup without their help.”*
- *“Business Gateway were quick and helpful with my application process, establishing the best course for me and what I needed.”*

- *“The equipment is helping my business run more seamlessly, quickly and reliably. Every item improves the service I provide my clients and will allow me to continue providing services for many years. The peace of mind is priceless, as now I can concentrate on sales, growth and delivery.”*
- *“The grant was incredibly helpful in getting our IT and social media needs up to speed.”*
- *“The scheme is great for supporting new startup businesses, which provides an incentive for people to remain living on the island and will aid our declining young population.”*

CONCLUSIONS

- 9.1 It is 16 years since Business Gateway was introduced in the Highlands & Islands by the Scottish Government. In that time, across the Outer Hebrides: 810 business start-ups have been supported; 779 business skills workshops/webinars were delivered; 1,395 jobs were created or safeguarded; and approximately £5.9m in loan or grant funding was awarded to support business start-up and growth.
- 9.2 Despite a reduction in the number of start-ups supported during the 2024-25 period, there was a notable increase in the volume of new business enquiries processed and the number of businesses assisted in achieving growth. The Outer Hebrides Business Gateway continues to perform well in comparison to other Business Gateway regions across Scotland, handling the highest number of business enquiries per capita. The decline in start-ups is likely attributable to various economic factors.
- 9.3 Key achievements during 2024-25 include:
 - 41 start-up businesses supported.
 - 39 existing businesses supported to grow.
 - 103 jobs expected to be created or safeguarded.
 - 43 businesses received grant or loan support (£222,287) to aid start-up, growth or improve digital capability.
 - Two investments made in fisheries.
 - 448 new business enquiries dealt with.
 - 20 businesses received expert help.
 - 76 young people aged under-30 supported.
 - 8 workshops delivered; and
 - 10 business case studies profiled in various media.
- 9.4 All Outer Hebrides Business Gateway performance targets were exceeded in 2024-25. Business growth was particularly encouraging and would not have been possible without the Comhairle’s support and continued financial investment. Satisfaction results continue to be positive and encouraging.
- 9.5 Over the past five years the Comhairle has invested over £1m in the local fishing fleet, supporting fishers across the islands to purchase newer, faster and more fit-for-purpose fishing vessels. These vessels contribute to almost £5m in annual landings to the local economy. Without the Comhairle’s support these investments would not have proceeded, effectively creating a barrier-to-entry for young new entrants to the fisheries sector. It is particularly encouraging that young people are interested in making fishing a career - and the Comhairle’s Fisheries Investment Scheme provides the opportunity to invest in vessel ownership and enhance their prospects.
- 9.6 Feedback from Business Gateway service users has also been extremely encouraging, with many commenting on its positive impact on their businesses. Benefits to the wider local economy are also significant in business development terms through investment opportunities and local job creation.
- 9.7 The economic challenges experienced over the past four years (Brexit, COVID-19, increased energy and other prices following Russia’s invasion of Ukraine, trade tariffs), along with longer term demographic

concerns (falling birth rate, increased ageing population) resulting in labour market shortages, will undoubtedly have far-reaching impacts and consequences in the years to come.

- 9.8 The Comhairle's Economic Development service (incorporating Business Gateway) will continue to play an important role in assisting and supporting the islands' economic recovery by supporting the local business community to survive, grow and prosper in the near future and beyond.