



**REPORT TO: WEALTHIER AND FAIRER GROUP – 21 MAY 2009**

**SUBJECT: ECONOMIC RECOVERY RESPONSE PLAN**

**BY: HIE, HEAD OF OPERATIONS**

## **1. REASON FOR REPORT**

- 1.1 The Wealthier and Fairer Group is asked to note the Economic Recovery Response Plan, which has been drawn up by HIE to help local businesses address the worst effects of the economic recession.

## **2. RECOMMENDATION**

- 2.1 It is recommended that the Group notes the Economic Recovery Response Plan, which has been put in place by HIE to help local businesses address the worst effects of the economic recession.

## **3. BACKGROUND**

- 3.1 HIE has highlighted its concern about the effects of the current economic recession by publishing the following key messages on its website:

- The economic situation is extremely challenging and businesses are facing very difficult times, however there are steps they can take to help ease some of the pressures
- HIE recognises the need to put immediate help in place to assist businesses address the challenges and has developed a phased response over the coming three months
- HIE is working to develop co-ordinated delivery of advice and information to businesses to enable them to access the help they need quickly and efficiently
- HIE will seek to be as flexible and sympathetic as possible towards businesses facing challenges – high quality one to one advice is available to all businesses

- HIE will work with all its public and private sector partners as part of a wide ranging effort to tackle the issues currently facing business recovery. **In redundancy situations HIE staff will work with SDS in implementing a PACE (partnership action for continuing employment) response.**
  - HIE will explore the potential for accelerating capital spend in the current financial year in order to stimulate the local economy
- 3.2 In reflecting its concern, HIE has drawn up a 7 Point Economic Recovery Response Plan to help mitigate the worst effects of the recession. The Plan is attached in **Appendix 1**.

#### 4. **SUMMARY OF IMPLICATIONS**

**(a) Community Plan / Theme Plans / Partner Plans**

HIE is a key partner in the Wealthier and Fairer Group and is responsible for addressing many of the priorities within the Wealthier and Fairer Priority Action Plan.

**(b) Policy and Legal**

There are no such implications arising directly from this report.

**(c) Resources (Financial, Staffing and Risks)**

There are no financial or staffing implications arising directly from this report. The Recovery Response Plan seeks to address the key risks posed by the current recession.

#### 5. **CONCLUSION**

- 5.1 **HIE has drawn up a 7 Point Economic Recovery Response Plan to help local businesses address the worst effects of the economic recession. A copy of the Plan is attached for the interest of the Group.**

**Author of Report: Ian Fraser, HIE**

**Background Papers:**

**Ref:**

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

**Designation: Head of Operations, HIE**

**Name: Ian Fraser**

## APPENDIX 1

### Economic Recovery Response Plan

#### 1. **One to one advice sessions (Immediate effect)**

One to one business advice is currently available to all businesses (regardless of size or sector) in the Highland and Islands. This is delivered through our supply partners, Development Partners, either face to face or by telephone. Advisory sessions are free and will vary in length according to need. Development Partners have many years of experience in delivering advice and will also signpost clients to other agencies who can help with specific issues. Services they offer which are of particular relevance in the current situation are:-

- assisting clients to prepare for approaching their banks
- identifying the finance required
- preparing/presenting the business case to you bank as effectively as possible
- analysing the underlying issues the business face

Businesses can access this service by contacting HIEs local offices by telephone, email or in person. This service will be funded under the existing Development Partners contract.

#### 2. **Helpline to be introduced as soon as possible**

HIE is establishing a limited life advice and information helpline which will be operational shortly. We aim to have this fully operational in December. The helpline will be accessed by an 0800 or 0845 telephone number and will be open from 8am - 6pm Monday to Friday and 8am to 1pm on Saturdays.

Outwith these hours clients may use the online service, use the dedicated e-mail service or leave messages, which will be replied to within one working day.

The helpline will be staffed by trained external advisors and supplemented for specific promotional periods, with staff from public sector partners (including Her Majesty's Revenue and Customs (HMRC), Federation of Small Businesses (FSB), Chambers of Commerce, and other intermediaries). Clients may be offered solutions to their enquiry; provided with a referral to our one to one advisory service, signposted to business clinics or master classes which will be running across the area, or simply signposted to the correct public agency or other source of advice and information.

The helpline service will be backed up by a marketing campaign using local press and radio. We will also collect intelligence from businesses during this period that will inform future plans and developments.

### **3. Local business clinics (Late January/February 2009)**

A series of business clinics will be run throughout the Highlands and Islands during late January early February 2009 to provide businesses with the opportunity to meet professional advisors and public sector bodies.

A number of partner organisations would be asked to have a presence at the event and be available to present workshops around specific areas or speak individually to those attending. Workshops would last for 30 minutes and operate on a rolling programme – topics may include – deferring tax payments, bank finance, handling redundancy.

Organisations involved would include: HIE, Banks, HMRC, Local Authorities, ACAS, Business Organisations (FSB, Chambers). Signposting would also be available to other services such as Scottish Manufacturing Advisory Service (SMAS), Scottish Development International (SDI) and so on.

It is proposed that Development Partners be asked to manage these events involving staff from area teams. Area Managers are asked how many events in which locations will be needed across their area. Please email to [area.operations@hient.co.uk](mailto:area.operations@hient.co.uk)

### **4. Enhanced online information, advice and toolkits**

The front page of the HIE website now has a clear and dedicated area containing easily accessible links to a variety of web based information to support businesses.

Links will include:

[Hiebusiness.co.uk](http://Hiebusiness.co.uk)

[HM Revenue and Customs](#)

In addition to general links there will be links to specific areas within these sites which have been identified as being particularly useful – how to defer tax payments, how to handle redundancies, assess the Health of your business tool (a business MOT).

### **5. Business masterclass programme (First Quarter 2009)**

A series of one-to-many events organised by HIE in association with other organisations – Chambers, SCDI, VisitScotland. The events will be run by experts, providing advice and help on specific areas. These seminars will be subsequently available via webcast, and ultimately via podcasts on the website.

These masterclasses will focus on specific issues or sectors and be delivered by high profile, respected presenters. Topics for masterclasses will be informed by the type of advice being sought via the helpline. Names of suggested speakers and topics are welcomed - contact [Anne Murray](#), from the Regional Competitive group.

### **6. Targeted Interest Relief Grant (IRG)**

A key issue for businesses in the HIE area is currently access to finance with many businesses finding it difficult to access loan funding at an affordable rate

of interest. HIE propose to reintroduce the use of Interest Relief Grant (IRG) to address this issue - under de minimus.

In order to qualify for IRG support, businesses will require to demonstrate:-

- recent financial stability and growth
- a realistic plan for sustaining the business through the current difficult economic conditions
- a strategy for growth in the medium to long term.

HIE would seek to assist where businesses are renewing loans, but interest rates are too high or where a new loan is sought but the bank will not provide at all. State aid limits may restrict the amount of grant available.

Customers will be allocated a dedicated contact within HIE. It is proposed the business will meet with the bank and HIE staff to discuss the following

- What bank facilities will remain in place
- Clarification of what the new rate of facilities would be.
- Confirmation of what the historic rate of lending was for the client.

It is recognised that some businesses will not survive the current economic situation, but equally we should not restrict consideration of this type of support specifically to HIE 500 businesses. Any business, which meets the above criteria and is of significant importance to the local or regional economy should be considered for support.

Senior level meetings between HIE and the banks are planned to discuss implementation.

#### **7. Acceleration of capital projects/spend**

The HIE Board discussed the potential for accelerating capital spend in the current financial year. The HIE management group is examining prospective capital projects to identify those that can be brought forward for the benefit of the construction industry.