

Business Scotland

SCOTTISH CHAMBERS OF COMMERCE MAGAZINE

APRIL - JUNE 2014 • ISSUE 19

INDEPENDENCE: IS A NEW CURRENCY VIABLE FOR SCOTLAND?



NHS SCOTLAND FULL PAGE (438910)



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This publication is also available as an e-book: businessscotlandmagazine.co.uk

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COVER STORY

Peter Jackson considers the realities of Scotland having its own currency in the event of independence



ENTREPRENEUR Q&A

We meet the founders of Edinburgh-based Morphsuits



20 QUESTIONS

With Damien Yeates, chief executive of Skills Development Scotland

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Business Partners



By Business For Business

Our ethos is underpinned by a shared outlook: *by business, for business*. This adage gives us our strength, our focus, enabling the network to champion the needs of Scottish businesses, furthering Scotland as a nation of innovation and creativity.

Global powerhouses such as China are ahead of the race in education with Shanghai topping global league tables, showcasing their young people with above average results in maths, reading and science.

This presents Scotland and Scottish businesses with two challenges. The first is tackling the skills gap in our existing workforce and preparing upcoming employees with the skills demand of the future.

The second challenge is promoting Scotland as a global destination to do business in and with.

Both these challenges have been embraced by the Chamber of Commerce network.

Innovating to tackle the skills gap in Scotland's

workforce is a necessity, not a choice. Our continued economic recovery relies on this focus and the steps taken by the Chamber network are yielding positive results. The network's Graduate Recruitment programme, in partnership with Scottish Government, enables growth in a category that makes up 98% of Scottish businesses – the small business. Graduates have access to a permanent job and an opportunity to make a lasting impact on a business. The Chamber network brings together business & education by utilising our collective voice and remaining true to our ethos of *by business, for business*.

This ethos has enabled a strong focus on Scotland's second challenge; promoting Scotland as a global destination to do business in and with. In the start of this year alone, Scottish Chambers of Commerce led a delegation to Mongolia, exploring real trade opportunities for Scottish businesses. In March, we hosted a major business delegation from China with Chinese business leaders enabling us to develop stronger



Liz Cameron

business to business links internationally. This type of activity increases the confidence of Scottish businesses to trade on a global scale.

Scottish businesses and the Chambers of Commerce are investing in our future workforce and promoting a global outlook. Join us to shape the future of Scotland's economy.

Liz Cameron

[@LizCameronSCC](#)

Liz Cameron
Chief Executive, Scottish Chambers of Commerce

Connecting business and education

Today's young people are tomorrow's entrepreneurs and employees. Yet youth unemployment (16-24 year olds) still remains close to the one million mark in the UK and around 150,000 in Scotland.

There is a clear premium on skills and knowledge in a 21st century economy but over and over, company chiefs voice frustration and disbelief

at the gap between the skills, experience and attitude they are looking for, and the young candidates they see.

The 'system' – successive governments and the educational establishment – has failed our young people by not adequately preparing them for the world of work.

One collective step we can take is to introduce careers education and workplace experiences into our schools at a much younger age. Some may say primary school children are too young to be thinking about what they might want to do as a career. Yet at present, pupils go through successive stages of the education system with no idea about what types of jobs might be relevant to them, or the sorts of subjects or skills that are needed for that job. With more exposure to the world of business, young people can widen their knowledge of their career options and develop realistic expectations about entry level jobs.

Closer integration between education and business is equally important when preparing young people for work. There has to be a realisation that it takes more than good Higher or A-level grades to prosper in the real world, and

skills such as good communication, time-keeping and discipline are crucial.

Businesses do not expect the education system to produce 100% fully-formed skilled workers. They just want the strong foundation of functional literacy, numeracy and computing skills and increasingly a strong knowledge of a foreign language too.

Employers who are unable to access the skills will lose business to other firms at home and abroad, putting us at a global disadvantage.

There are some great examples of Chambers working closely with schools – Renfrewshire and Ayrshire Chambers have established programmes of arranging work placements, help in drafting CV's and interview techniques and direct business engagement.

Nora Senior

[@NoraSenior1](#)

Nora Senior
Chair, Scottish Chambers of Commerce



Nora Senior



David Valentine with Mr. Liu Hongliang



Chambers of Commerce welcomes major Chinese business group to Scotland

Scottish Chambers of Commerce (SCC) hosted the National Administration for Industry & Commerce (NAIC) of the People's Republic of China on Tuesday 4 March 2014.

In a joint meeting led by SCC international ambassador and vice president of Dundee and Angus Chamber of Commerce, David Valentine, the meeting explored the vital role the Chambers of Commerce network plays for small and medium sized businesses. The delegation congratulated the Chamber of Commerce network on its many successes which have enabled the growth of businesses including the Graduate Recruitment and Business Mentoring programmes.

The delegation, headed up by Mr. Liu Hongliang, department chief at the National Administration for Industry & Commerce met SCC as part of the department's commitment to developing relationships with the Scottish business community.

Commenting on the meeting, David Valentine said: "The Chinese market is of great interest to Scotland and the joint meeting with department chiefs from NAIC has been extremely useful to enable detailed discussion and understanding on the current and future work of the Chambers of Commerce network. "This engagement with NAIC is part of SCC's wider strategy to promote international business opportunities to Scottish businesses.

We look forward to further interactions with NAIC and China as a whole to promote Scotland's international reputation as a great place to do business."

The delegation leader, Mr. Liu Hongliang said: "Our delegation visit to Scotland has been thoroughly rewarding. Increasing our understanding of the Chamber of Commerce network will assist us to engage with Scottish businesses in the future.

"NAIC are keen to collaborate with Scotland to benefit both of our mutual economies. I look forward to further co-operation and engagement with Scotland and the Scottish Chambers of Commerce."



Charandeep with S6 students and Dan Wyatt S6 year tutor.
Photograph by Gillian Tooth

Engaging with young people

Charandeep Singh, responsible for marketing and communications at Scottish Chambers of Commerce, was invited by Hutchesons' Grammar School in Glasgow to deliver a talk at the prestigious Talking Points seminar series for final year students.

The talk was inspired by the S6 Committee and focused on opportunities at University and making a mark in the world of work.

Charandeep provided practical steps for the students on how to maximise their time at University by utilising his experience from serving as President of University of Strathclyde Student's Association and his existing position at the Scottish Chambers of Commerce.

Past speakers have included Sally Magnusson of BBC Scotland and Nicola Sturgeon MSP.

Commenting after the speech, Dan Wyatt, S6 Year Tutor said: "Hutchesons' Grammar School is proud of its Talking Points sessions and we were delighted that Charandeep from Scottish Chambers of Commerce was able to motivate our students to think about the opportunities they can take advantage of at university. "One of our students remarked afterwards that he had no idea about the amount of opportunities he would have at university in addition to his course, and he is now really looking forward to taking on a role within a society or group."

Quarterly Business Survey to expand

The Scottish Chambers of Commerce Quarterly Business Survey, published for over 30 years, is to be expanded in 2014 to include the vital financial and business services sector, enabling engagement with a wider cross section of businesses in Scotland.

The Quarterly Business Survey, delivered in partnership with the Fraser of Allander Institute gathers opinions from Scottish businesses in the manufacturing, construction, tourism, retail and wholesale distribution sectors to gauge business

confidence and trends, the findings of which are used to inform decision makers and shape relevant policies to create a positive business environment.

Dominic Mellan, policy research executive, said: "The Quarterly Business Survey is viewed as a robust and 'go-to' source by many. The expansion of the survey to include financial and business services will provide an enhanced view of Scottish businesses."

Details of the survey can be found on our website www.ScottishChambers.org.uk or call Dominic on 0141 2048316.

Championing the needs of business

The Certificate of Work Readiness is an award for young people who are ready for their first experience of the world of work.

It provides young people with a qualification which includes a quality work experience placement as well as classroom based learning.

This practical step taken by the Chamber of Commerce network in partnership with Skills Development Scotland is a meaningful contribution in bringing together education and business.

The Chamber of Commerce network has identified almost 100 placements from 57 different employers from various sizes and sectors.

These placements offer an invaluable chance for businesses to develop the workforce of Scotland whilst beginning to embed the future skills that we require for Scotland.

For more information, contact Charandeep Singh on csingh@ScottishChambers.org.uk

Referendum debate: Policy not politics

2013 saw the release of a comprehensive survey conducted by the Chamber of Commerce network to gather the views of businesses ahead of the vote on the future of Scotland on 18 September 2014.

The survey found that businesses placed income tax, currency and Scotland's status within the EU as the top issues they were concerned about.

The survey also found that over 70% of businesses expect independence to affect their business and nearly 60% said they did not have enough information to take a view on whether Scotland should become independent or remain within the UK.

As a result of this survey, Scottish Chambers of Commerce is set to gather further opinions from Scottish businesses as the referendum draws nearer.

Scottish Chambers of Commerce is a politically neutral organisation, representing business interests across Scotland.

For more information, contact Garry Clark on gclark@ScottishChambers.org.uk

Can the train ease the strain in the North-east?

Scottish Government ministers are currently considering the Aberdeen City and Shire Structure Plan, as well as the Strategic Development Plan which will replace it.

Both have identified the need for new business development areas and housing to allow the region's economy to continue to flourish.

In conjunction with the Regional Transport Strategy, these plans find that a significant level of this development should take place on the Stonehaven-Aberdeen and Inverurie- Aberdeen corridors, both served by the railway.

Increasing the number of passengers on trains is an essential element of successfully delivering the structure plan's aspirations.

Recent surveys by Nestrans have shown that a substantial number of peak-hour trains across the region are overcrowded, with the highest levels currently recorded on the Aberdeen-Dyce-Inverurie section.

Improvements to the timetable over the past few years, including extending some Glasgow and Edinburgh trains through to Inverurie, have given exceptionally high growth in passenger numbers, with Inverurie seeing a 216% growth between 2004 and 2012.

Compared with Scottish growth of 51% and North-east growth of 78%, this highlights how popular this route has become.

Nestrans believes that taken along with the successful re-opening of Laurencekirk station, this statistic shows a latent demand for improved rail provision across the North-east, with a greater frequency of trains and increased seating capacity.

To achieve these improvements, the track between Aberdeen and Inverurie needs to be

upgraded, as at present, it cannot accommodate any more trains.

Transport Scotland and Network Rail are developing a project to improve the Aberdeen to Inverness route by reducing the overall journey time to around two hours as well as increasing the frequency to hourly.

This can only be achieved by track improvements.

A detailed report on these improvements due in the spring has a view to delivering the first phase of improvements - including a new Kintore station - between 2014 and 2019.

Nestrans has been in discussion with Transport Scotland and the train operating companies about the possibility of using these track improvements to boost local services.

Mirroring the outstanding success of extending some Edinburgh and Glasgow trains across Aberdeen to Inverurie, we would like to see if the improvements being proposed by Transport Scotland would permit the extension of the Inverness train across Aberdeen to Montrose.

If this is feasible, we believe that this could create the option of additional stations, possibly Newtonhill and Persley for example, to permit the railway to support the development of the new housing and business areas described in the Structure Plan, without increasing journey times to the central belt.

This approach has the potential to enable local train services from the national network to provide the increased frequency and capacity that our area needs, in a cost-effective way.

If you have any comment on these proposals, Nestrans would be delighted to hear your views. We can be contacted at info@nestrans.org.uk



Derick Murray



Tom Johnston

Renfrewshire president announced as IoD Awards finalist

Tom Johnston, Renfrewshire Chamber of Commerce President has been announced as an official finalist for the prestigious IoD (Institute of Directors) Scotland awards.

Tom has progressed through the shortlisting procedure over the last couple of months and named as a finalist with three other individuals in the non-executive director category.

Tom's nomination focused on a number of areas including his work for the local business community, supporting young people and on Paisley town centre.

Tom has been involved with Renfrewshire Chamber for a number of years. Brought up in Inchinnan, he attended the John Neilson Institution and was a student at Paisley College of Technology studying their surveying degree (Land Economics).

He is head of retail (Scotland) for global property firm, Colliers International.

Three Renfrewshire Chamber member companies also have senior individuals shortlisted for awards:

Joyce McKellar, chief executive of Renfrewshire Leisure Ltd

Sara Speirs, MD of Spectrum Service Solutions Ltd

Paul Moore CEO of Quarriers

The IoD Scotland finals ceremony takes place on the 27th March at the Crowne Plaza in Glasgow.

Border Cars Young Creative Final 2014

It might have been a dark, wet night in February but that didn't stop the masses flocking to Border Cars on Heathfield Road, Ayr for the Young Creative Student competition Final 2014, the culmination of six months of hard work and team effort from Border Cars and Ayrshire Chamber of Commerce.

Border Cars Group has run the competition in the past, but this was the first time it has been brought to Ayrshire. Schools across the region were invited to take part and there was a fantastic response with 20 schools submitting entries.

School pupils were given a brief to come up with a bold, colourful and creative design, which followed a low carbon energy theme and advertised Border Cars.

The winning designs to be transferred onto three courtesy cars and driven around Ayrshire by Border Cars customers throughout 2014. Each winner, from the P3-4, P5-6 and P7

categories winning £100 and the overall winner also won a tablet and £1000 worth of computer equipment for their school.

The invited judging panel, comprising representatives from North, South and East Ayrshire councils, the Energy Agency and Big Blue Dog Design had a difficult task shortlisting the 800 entries.

Host for the evening, West FM's Fiona Shields, introduced Britain's Got Talent Winner and Ayrshire's very own Jai McDowall, onto the stage for a couple of musical numbers.

Speakers included Ayrshire Chamber chief executive, Val Russell and Liz Marquis from the Energy Agency.

Congratulations to the winners: Emma Birnie Crane from St. Ninian's Primary, Jennie Stewart from Glenburn Primary and overall winner, Laura Rowney from Kirkmichael Primary. Laura's design will now be whizzing about Ayrshire on a Mitsubishi Mirage.



Edinburgh Chamber celebrates business excellence

A host of Edinburgh businesses celebrated success at the Edinburgh Chamber of Commerce Business Awards held recently at the Sheraton Hotel.

Winners included:

Member of the Year: Edinburgh Airport Limited

High Growth Company of the Year: Location Scotland

Green Company of the Year: Forth Ports Ltd

Most Promising New Business of the Year: Residence Inn by Marriott

Employer of the Year: Spire Edinburgh Hospitals

Liz McAreevey, Edinburgh Chamber of Commerce commercial director, said: "These Awards celebrate and reward success and promote ambition and growth. We were extremely impressed by the calibre of entries and the winners truly shone as fantastic businesses doing great things. They are all businesses of real value, contributing to employment and the economic prosperity of Scotland."



Prestwick Airport, the way forward?

Ayrshire Business Forum invited local businesses to discuss the way forward for Prestwick Airport, once seen as one of Ayrshire's key assets.

With almost 200 people attending the forum, at the airport earlier this year, it is clear that this is a very emotive subject.

The purpose of the session was to provide an update on the new ownership by Transport Scotland, while seeking comments on the way forward, from delegates, on how best to secure a vibrant and sustainable future for Prestwick Airport.

John Nicholls, director of aviation, freight and canals, Transport Scotland, was in attendance as Ayrshire Chamber president Waiyin Hatton chaired the event.

Mark Hastings, enterprise manager, South Ayrshire Council said: "This has been a really powerful event, on a number of levels, including affirming to key players at Scottish Government and Transport Scotland that the business community is a very important stakeholder and one that will want to be heard and listened to."

Scott Sinclair MD Ceed Scotland, added: "A great session with a very diverse audience, which demonstrates the active support for development of Prestwick Airport and the importance it has to us as passengers and businesses."

Output from this Forum is to be included and fed back to the Scottish Government.

This event is a precursor to a national programme of events to hear business opinion on the aviation capacity debate organised by The British Chambers of Commerce in association with Heathrow Airport.

Apprentices key to Rigmar Fabrication's future

As part of a long-term growth strategy, Rigmar Fabrication - a leading provider of fabrication services to the subsea and drilling industry - has taken on nine fabrication and welding apprentices at its Dundee facility.

This investment in training young people further demonstrates the company's continued commitment to establish the Port of Dundee as the premier location for jack-up rig upgrades and subsea activity.

Since being acquired by Rigmar Services in 2012, over £750,000 has been invested into the Dundee site on five fabrication sheds as well

as a new office block, taking its size from 1,061 sq m to an impressive 13,268 sq m.

Rigmar was initially looking for four apprentices and the company was overwhelmed when it received over 270 applications.

Funded by the Dundee College, the modern apprenticeships will last between two and five years and combine on-the-job training as well as off-the-job training at the college.

Rigmar Fabrication looks to further support the modern apprenticeship scheme over the coming years and, following a series of recent contract wins, looks to extend its team from 82 to 100 in the near future.

Chamber member sets Commonwealth wheels in motion

Described as one of our best track cycling hopes for the 2014 Commonwealth Games, Falkirk's Scott Stronach is still getting used to being referred to in such lofty terms.

Not surprising when you learn that Scott was only scouted from obscurity less than a year ago. And he's good. Right now he can accelerate faster than your family car and is currently sitting only a fraction of a second short of qualifying time for the Commonwealth Games - a target well within his grasp.

Without his regular income as a self-employed joiner, he won't be able to fund the costs associated with his demanding training schedule, as his training regime becomes ever more intense his 'work by day, train by night' existence will need to change. To succeed he cannot do both.

The Commonwealth Games window of opportunity is now.

How can you help?

Already, a number of local businesses have pledged financial support and support in kind, keen to be associated with Scott.

With his handlebars set firmly on Glasgow's 2014 Commonwealth Games, a range of

sponsorship opportunities have been created to cover costs from new gloves (£50 per pair) to Velodrome training sessions (£150 per week) up to a new bike frame and track wheels at over £5,500.

Sponsorship would be used directly to fund the on-going development programme called for over the next 10 weeks of training and the associated costs.

Sponsors will be able to feature Scott in their marketing mix and have the opportunity to add their logo (brand) on all practice and event clothing, all bikes, transport and equipment, seen by a predisposed audience during all training, social media, events etc.

There are also opportunities for co-branded merchandise as means of bolstering the cause.

Needless to say a sponsorship deal brings with it the option for a long-term association.

Future plans include Commonwealth games and The Revolution (which is similar to the Commonwealth Games but held annually) the British Championship in Manchester in October, the Scottish Nationals plus numerous other events.

Contact Scott Stronach on 07891 383 696 or email trackcyclings@gmail.com

Lochaber Chamber - a positive way forward



Don Hind of Fort William Chamber and Marian Austin of OCUK, taken at one of the EGMs to finalise proposals

A new organisation has been formed to represent the needs of business in Lochaber, while fuelling the ongoing aspiration of the area as a premier visitor destination and centre of excellence for outdoor activities.

Lochaber Chamber of Commerce with its mission statement 'Working for business in the Outdoor Capital of the UK' was created on 3 March by combining the activities of the two existing bodies, Fort William Chamber of Commerce and The Outdoor Capital of the UK (OCUK).

Negotiations for the merger started last year, with regular meetings between the office bearers of both organisations, members and potential funders, all of which have been undertaken in a great spirit of co-operation and need to get the job done.

The staff (one part-time and two full-time) led by CEO, Lesley Benfield combine under the Chamber's management structure and will work out of a single office. She said: "I am confident the consolidation will allow alignment of common ambitions, combine resources and reduce administration cost."

"We are looking forward to developing a number of initiatives over the coming year, all of which will benefit businesses throughout Lochaber."

Membership of the Lochaber Chamber of Commerce is open to all businesses in the area and details of how to join can be obtained by contacting info@lochaberchamber.co.uk

Guest speaker announced for Highland Business Dinner 2014

The well-known writer, broadcaster and former Cabinet minister Michael Portillo is to be the guest speaker at the Highlands' most prestigious event.

Portillo will visit Inverness on Friday 16 May for the annual Highland Business Dinner, which is organised by Inverness Chamber of Commerce and held at the city's Drumossie Hotel.



Michael Portillo

Michael's appearance at this year's Highland Business Dinner follows a succession of other high profile names including Andrew Neil, Ann Widdecombe, Alastair Campbell, Rory Bremner, John Sergeant and Andrew Marr.

Paula Nicol, events manager for Inverness Chamber of Commerce, said: "We are delighted to be welcoming Michael Portillo as our guest speaker at this year's Highland

Business Dinner.

"The event is renowned in the region for its top level speakers and this year is no exception.

"Michael's in depth experience of the political arena along with his wide ranging knowledge of public affairs guarantee this year's Highland Business Dinner audience an informative and insightful evening."

Providing added humour and keeping everything on track as the event's master of ceremonies is well known local business man, Willie Cameron, who returns to the Highland Business Dinner for his seventh year.

Tickets for the 2014 Highland Business Dinner cost £99 each + VAT and may be booked individually or for tables of ten. To reserve a table or places, and for details of sponsorship packages, email paula@inverness-chamber.co.uk

Storming success for Joyce Young OBE

Fashion designer Joyce Young rounded off a fantastic year by winning two top accolades at the wedding industry's annual VOWS awards for 2013.

Her business, By Storm of Bearsden, won the coveted Industry Award as well as the Mums' Outfitter prize at a glittering Vegas-themed ceremony at The Corn Exchange in Edinburgh.

By Storm, a member of Dunbartonshire Chamber of Commerce, has been nominated by its customers every year since 2005 in the VOWS. It has won the pinnacle prize three times and

other category awards four times.

The name is short for Voted Outstanding Wedding Supplier and nominations come from recently married couples and members of the bridal party.

By Storm in Milngavie Road celebrate its 20th anniversary this year and the London shop, which opened in 1999, is moving to bigger premises in upmarket Belsize Park where celebrities including Kate Winslet, Gwyneth Paltrow and husband Chris Martin, model Kate Moss, and Helena Bonham Carter live.

Pest is best

A leading pest control company has proved there are no flies on it by being crowned Perthshire's top business.

Popular winner, Blairgowrie-based Graham Environmental Service Ltd lifted the Perthshire Chamber of Commerce 2013 Business of the Year title at a glittering Star Awards ceremony in Crieff in March.

Managing director Ross Graham and delighted staff from the 10-year-old business celebrated after securing the Business Growth category trophy before going on to claim the overall trophy and title.

Over 300 guests heard how Graham Environmental Services, which employs nearly 50 people, captured the judges' vote for its "focus, ambition, delivery and results".

Perthshire Advertiser Employee of the Year Award Kara Scott - Mcleod Glaziers

Graham Environmental Services Apprentice of the Year Award Kayleigh McQueen - Baby Scan Studio Perth

Enterprise & Business Gateway Most Promising New Business Award Soaper Stars

RBS Excellence in Customer Service Award Cafe Tabou

Highly Commended Finalist: Miller Hendry Stagecoach Group Excellence in Business Innovation Award Merlin ERD

Binnwaste Management Commitment to the Community Award GrowBiz

Highly Commended Finalist: Ad-Lib Theatre Arts

Bank of Scotland Excellence in Tourism & Leisure Award (Large Business) Crieff Hydro

Bank of Scotland Excellence in Tourism & Leisure Award (Small Business) Craigatin House and Courtyard

Perth & Kinross Council Excellence in Export Award Mackie's at Taypack

Johnston Carmichael Chartered Accountants Business Growth Award Graham Environmental Services

Perth College UHI Excellence in E-Commerce Award Bertie Browns

Denvir Marketing Independent Retailer of the Year Award Loch Leven's Larder

The James Hutton Institute Excellence in Food & Drink Produce Award The Wee Pie Company

Outstanding Achievement Award Scotland's Charity Air Ambulance

DATE FOR YOUR DIARY:

Perthshire Chamber's Annual Dinner and Business Star Awards will take place on Friday 21 November 2014 at Crieff Hydro Hotel. Tickets now available on 01738 448325 or events@perthshirechamber.co.uk or visit www.businessstarawards.co.uk.

Innovation keeps Morphsuits one step ahead

GREGOR LAWSON and ALI and FRASER SEATON, the trio behind the phenomenal success of Edinburgh-based Morphsuits, are in the hot seat

Where did the Morphsuit business idea originate from?

We hosted a fancy dress party and one guy arrived wearing a head to toe, full body suit, which he had bought on eBay. It was a little bit baggy and he couldn't really see out of it, but when he arrived, he was literally the king of the party. I've worked on a lot of brands at my previous job at Procter & Gamble and I had never seen a response like it...and that's where it all started.

There was obviously massive interest for Morphsuits in the beginning, but is it sustainable as a long-term business?

Morphsuits has been going four years now and we've just entered at number 18 in the Fast Track 100 of Britain's fastest growing private companies. One key factor that has led to continued success has been ensuring we focus on spotting trends as well as being passionate about bringing products to market that are completely unlike anything else available.

In 2013, we joined forces with an ex-NASA engineer, Mark Rober to pioneer the integration of wearable smartphone technology into our latest designs - where else can you get a zombie costume with an exposed real life beating heart, or a Marvel super hero with real superpowers?

Our mantra is to continually innovate and we've got some incredible ideas in the pipeline to ensure we build a sustainable long-term business.



L-R: Ali Smeaton, Gregor Lawson and Fraser Smeaton



We launched a new brand, the Morph Costume Company in October 2013, which sells non-spandex costumes which appeal to an even broader audience than Morphsuits but still delivers the same impact.

What was the major breakthrough for you in business terms?

The first Halloween, where we started to sell a Morphsuit every six seconds - awareness was incredible and demand was insatiable - there was a 500% increase in sales in the UK.

You have diversified the range of costumes, how did you decide which new products to make?

A lot of our best ideas start with our customers and Facebook fans, it is

amazing how many great ideas they have.

Our focus has always been to be the most innovative costume company in the world so we also ensure this culture is embedded in the DNA of the company and is on our minds every day.

Animated, wearable and digital technology has huge scope within costumes so we have some great launches to look forward to this year and beyond as well. Huge licenses in the form of Marvel and Robocop and also some great new additions to our Morph Costume Company range are in the pipeline.

How have you protected your product from being copied, what threats have you had to overcome from copycats?

We know there are copycat competitors watching closely and mimicking our products, but they struggle to match the innovation and quality of our products.

We've placed more importance on IP which protects us in three ways. Morphsuits is the term for any all-in-one spandex costume and we own the trademark. We also have a patent on Digital Dudz. Finally we own several licenses on the biggest costume properties available.

What was the biggest business mistake you made to date and how did you come back from it?

We bought too much stock in year 2. The demand in each overseas market was unknown until we launch. We worked with very capable parties, spoke to consumers, and learnt from local partners where possible but it's fair to say we over-ordered on certain designs and it took us a while to sell through the stock.

Where are your products manufactured?

China.

What's the long-term vision for the business?

To cement our position as the most recognisable fancy dress costume brand in the world!

2013 was massive - we launched a new wearable technology company - Morph Costume Co. that includes Digital Dudz, a line of costumes from ex-NASA engineer, Mark Rober. There's a huge amount of new product launches in the pipeline featuring wearable technology and augmented reality - and Halloween is going to be huge!

What advice would you give to a budding entrepreneur starting out with a new retail idea?

Have clear insight to form your competitive advantage. Believe fully in your product - and work hard!

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Is Scotland on the path to economic recovery?

By GARRY CLARK, head of policy and public affairs,
Scottish Chambers of Commerce

Is Scotland on the path to economic recovery? This is a question which has been frequently asked of Scottish Chambers of Commerce over the past few months but it is not at all an easy one to answer.

There are numerous indicators of our business and economic performance, such as Gross Domestic Product (GDP) growth, unemployment, retail sales and manufactured exports. In addition, Scottish Chambers of Commerce has its own Quarterly Business Survey which we use to monitor areas such as business confidence, actual and expected sales and orders and recruitment plans.

On the face of it, more and more factors are moving in favour of recovery. Scottish unemployment has fallen throughout the second half of 2013 and into 2014. Our GDP has grown for six quarters in a row until September 2013, with every expectation that this has continued to the end of last year. Against this background, it is therefore not surprising that our Quarterly Business Survey is picking up very high levels of business confidence this year, including the highest levels among manufacturers since 2006 and the highest among hotels for a decade.

All of this sounds extremely encouraging and indeed it is. Forecasters including the Bank of England, the Office for Budget Responsibility, the OECD and the Fraser of Allander Institute have all uprated their expectations for economic growth for 2014. Last year's economic performance exceed all expectations and it is now predicted that this will continue throughout this year. However looking behind the figures, we can try to understand the reasons why growth strengthened and the implications of this for the future.

It is clear that much of the recovery to date has been due to a significant increase in

consumer spending. This is positive in that it shows that consumer confidence is on the rise and that more and more people are expecting an improvement in their (and the economy's) fortunes. The problem with this consumer led recovery is in terms of its sustainability. Spending has been rising even whilst average wage increases have been below the rate of inflation, and the rate of spending has been such that it has meant that many people have been dipping in to savings, perhaps making up for years of cautious spending. This kind of spending is, of course, not sustainable in the longer term and even though inflation is now back to around the government's 2% target and there are early signs of a marginal pick up in wage growth, we cannot rely entirely on consumer demand to sustain the recovery.

In order to cement the recovery, we are looking to identify a significant increase in business investment for the future. As with consumer trends, there is ample evidence that many businesses are investing in replacement equipment but our surveys are suggesting that there may be early signs of increasing investment to grow or

expand businesses. This pick up would help fuel the recovery and ensure its sustainability in the longer term.

Over the past couple of years, more and more of the economic indicators have been turning positive. However it is still too early to say that the job is done. We are still operating in an economy where interest rates have been held at an artificially low level since 2009 and although speculation is growing that rates may rise in the near future, most commentators currently expect that this is unlikely to happen before 2015. Although the economy may be out of intensive care, there is no doubt that medicine is still needed to see us through the road to recovery.

That is why Scottish Chambers of Commerce is continuing to work with governments both in London and in Edinburgh to encourage measures to support the recovery. Whilst the referendum debate may have some impact on where our influencing is concentrated, our aim is for politicians to clear a path to allow growth to take place by ensuring that the country is investing in the right skills for our future, opening gateways for internationalisation and reducing domestic burdens on businesses. The recovery looks to be taking hold but more support will be needed to nurture maximum growth.



Garry Clark



Graduate Recruitment Incentive scheme going great guns

BUSINESS SCOTLAND talks to a growing recruitment firm and a graduate involved in the highly successful SCC-run Graduate Recruitment Incentive scheme



L-R: Andrew Hunter (Minerva People), Amanda Hannah (Dumfries and Galloway Chamber of Commerce), Christina Adamson (graduate recruitment consultant at Minerva), Victoria McDonald (graduate, Pitman Training supervisor), Nora Senior (SCC), Tricia Hunter (Minerva People), Gordon Mann (Dumfries and Galloway Chamber of Commerce)

About the company:

Minerva People is Dumfries & Galloway's leading professional training and recruitment specialist, with a wide range of courses and jobs in Dumfries and Galloway.

Do you have aspirations for growth/sustainability?

We wished to grow and develop our recruitment agency and in particular to help graduates gain work with micro/SME businesses throughout Dumfries and Galloway.

We were also looking at expanding into Cumbria and bought the Pitman Training franchise. It has now opened and one of the graduates was trained up to take on the role of Pitman Training supervisor having work shadowed at our training centre within Minerva People in Dumfries.

How did you find out about the Graduate Recruitment Incentive?

Through Scottish Chambers of Commerce and as a key partner during the pilot programme.

We felt as a partner we should action ourselves on what we were promoting and delivering and any new job opportunities ensure graduates were given key consideration.

Was it what you were looking for?

Yes. We ended up with two very good candidates and we could not decide so took one on to be trained up as a recruitment consultant and the other as a potential supervisor within the Pitman Training Centre.

Did you find the process straightforward?

Yes.

Would you have recruited without the scheme?

We would definitely not have recruited two graduates at the same time but without doubt the funding allowed us to do this. As we were also involved in the programme we then had access to the various graduate recruitment advertising networks.

What's your hope for the future?

To retain and develop our graduates and staff, grow the business and increase the profits of the company.

Would you take on more graduates?

Yes, when positions become available we would consider graduates but not all jobs in our company require a graduate. The mix of all types of people and skills makes for a better team.

What position did you want to fill?

Trainee recruitment consultant initially but with such a good choice we also filled a Pitman Training supervisor position.

Has it made an impact as yet?

Yes. Both graduates have received their initial training and are contributing to the growth of the business. We have had one of our busiest years within the recruitment department and having someone that I can trust to perform this role effectively has given me the confidence to continue to grow this part of the business. We have also opened another training centre and our graduate who joined us as a training supervisor is now a key person to the success of that venture.

What has been the best thing about the scheme?

Making us stop and specifically consider a graduate. The additional funding support without doubt allowed us to invest in the training and development of the graduates to enable them to develop into their job roles.

Can you measure the growth the graduate has contributed to the business?

The recruitment agency has now grown by 400% compared to last year's figures. By having a dedicated person focussing on this area I have been able to concentrate on sales activity and strategy. We have now expanded and opened up our first Training Centre with Dumfries and Galloway and the launch event will take place in Carlisle on 19 March 2014.

Can you describe the impact on your business in one word?

Positive.

Can you describe the best thing about your graduate(s)?

Capable.

Graduate Recruitment Incentive: The Details



Is your business located within Scotland with fewer than 50 employees? If so, and if you create a new, permanent graduate position offering a salary of £14,000 or more, you will be eligible for the following support:

BUSINESS SUPPORT - PRE RECRUITMENT

Dedicated business support to assist with creating the job specification, creating the advert, advertising the position and guiding you through the selection process.

To support the above, you will also be given access to straightforward guides and templates to facilitate the overall recruitment process. These include:

- Advert template
- Application form template
- Interview scoring guide and template
- Employability skills guide and template
- Application tracking guide and spreadsheet
- Letter templates

BUSINESS SUPPORT - POST RECRUITMENT

Dedicated business support to assist with embedding the new position into your organisation, such as induction check listing and objective setting. Again, you will be given access to guides and templates to facilitate the embedding process. These include:

- Induction checklist template
- Objective setting guide
- Performance review guide and template

FINANCIAL INCENTIVE

In addition to the tailored support available, if the new position fits with the above criteria, and the candidate selected is educated to degree level and under 30 years of age, your business will be eligible to receive a £1,500 incentive to assist with the recruitment process. This funding is provided by the Scottish Government department of Youth Employment. The new, graduate positions can be either full-time or part-time. The minimum salary required to ensure eligibility for the support is £14,000 FTE. Part-time positions will receive a pro rata incentive.

CAREERS FAIRS

To further encourage engagement between Scotland's graduates and the SME community, SCC will also be hosting stands at Scotland's national Careers Fairs at which career opportunities within Scotland's SMEs will be advertised to the cream of Scotland's graduates. Graduates will be informed of the benefits of choosing a career with an SME and will be given details on current and forthcoming opportunities Scotland-wide. This service will be an additional aspect of GRI and will again be a fully funded service for employers. Details of the Careers Fairs and how to express your interest in being represented at them will be loaded to our website www.graduateincentive.co.uk.

This new phase of the GRI programme is being delivered between September 2013 and March 2014. To register your interest with us at this stage, please submit your details on our website www.graduateincentive.co.uk. Our local Chamber network will be working with us to deliver the programme nationally, a member of which will be in touch with you to take the process forward.

Visit www.GraduateIncentive.co.uk for more information

GRADUATE CASE STUDY

Graduate name: Victoria McDonald
Role: Pitman Training supervisor
Date employed: April 2013
Age: 23

Where did you study and which degree did you do?

University of Cumbria, BSc(Hons) Applied Psychology

When did you graduate?

September 2012.

What is your role?

I offer guidance and support to those individuals who are studying a secretarial course with Pitman Training Carlisle.

Have you tried to get other jobs?

Once I graduated I applied for lots of different positions, some unrelated to the degree I had studied. On occasions where I was unsuccessful, it was due to being over qualified.

How did you find out about the Graduate Recruitment Incentive?

Simply by searching the internet for graduate vacancies.

What was the process like?

It was a similar process to applying and being interviewed for a regular job role.

What's your hope for the future?

I hope to develop myself through my job role and eventually return to working in the health/social care sector.

What has been the best thing about the scheme?

It gives graduates the opportunity once they have left university to obtain employment straight away and allows them to put their newly learnt skills into action.

Had you considered working for a smaller business before?

I have worked previously in larger and smaller businesses, and prefer the smaller companies.

Can you describe the benefits of working for a smaller business?

Working in a smaller company allows me to get to know all my colleagues on a more personal basis, as well as my managers. The staff team feel more like friends rather than just work mates.

Can you describe what is the best thing about your job?

I receive a lot of job satisfaction from my role as the individuals who leave Pitman Training after completing a course, receive a confidence boost and feel more able in their current role or feel more able to achieve employment.



The revival of Scotland's town centres

Last autumn, the Scottish Government unveiled its plan to 'revive' Scotland's town centres. Retail and communication consultant, **SIMON BALDWIN**, looks at the progress

In November, Local Government Minister, Derek Mackay, launched The Town Centre Action Plan - a cross-government response to last summer's National Review of Town Centres.

The independent review had six themes – Town Centre Living, Vibrant Local Economies, Enterprising Communities, Accessible Public Services, Digital Towns and Proactive Planning. On each, it recommended key actions.

For many in the industry – and I'm talking the retail industry that drives every town and city centre in the country – the Government response missed the mark.

Why? Because it failed to engage with the most important person: the shopper.

In the Review, the word 'shopper' appears only once. In the Government's 'Action Plan' there is not a single mention of 'shopper' or 'shops' and 'retail' and 'retailers' fail to register altogether.

Much of my working life has been dedicated to retail and how retail destinations best communicate with customers.

I was delighted to read that – based on Malcolm Fraser's recommendations – the Government "wants to position Scotland at the forefront of the digital revolution." Their actions are to "explore potential projects focused on town centre connectivity."

My fear is that these are just words. Why? Because the track record of delivering digital services at a town and city level is as far from the forefront of any revolution as can be possible. The Government has put considerable

weight behind their support of Business Improvement Districts and there are BIDs – a plenty across the country.

Yet not a single BID has integrated digital and social media delivery. Almost all their websites fail to work on a mobile. When significantly more than 50% of all online traffic is from hand held devices, that is a big failing. Most carry out of date information – and when it comes to 'social media' – increasingly the shoppers' preferred communication channel – delivery is inadequate, if not invisible.

I know the Government is not 'in charge' of BIDs. But their Action Plan does say that it wants to "identify support priorities for Business Improvement District projects". What better place to start than ensuring each BID can communicate effectively with Jo Public?

The Government's 'Action Plan' makes no mention or reference to 'social media' – and yet it is the single, most cost effective way to better engage with communities.

Derek Mackay said that our town centres should be "vibrant places to live, work and socialise". I agree 100%. But if those pulling the strings fail to understand the speed of change in the digital and social media world – and do not engage with the shoppers, retailers and visitors to our towns and cities – then we are a long, long way from any kind of 'revival' let alone a revolution.

One Scottish city that stands out from the crowd is Perth. The city was the first in the UK to trial a new service supporting businesses and shoppers between breakfast and bedtime, seven-days-a-week.

Perth's city centre manager, Leigh Brown, adopted SOCIALISTREET (managed by Edinburgh-based DestinationCMS) last autumn as part of the Cities Digital Strategy. Leigh says: "It has demonstrated the importance of integrated digital and social media communication across a city" adding: "We are engaging with thousands of people every week and supporting our core business community with a service that would just not be possible to manage internally."

I'm not criticising those who gave their time for the national review. They are eminent and dedicated people who gave their expert knowledge. I'm not criticising the government for having a plan. I'm criticising the plan.

If recognising "the importance of securing the future of our high streets as the economic centre of our towns" is genuine, then at least ensure what is being delivered is the best. Ensure shoppers are recognised. Ensure destinations and retailers in them are best supported.

The Government talks of being at the forefront of revolution. But revolution was never driven by reports. It is sudden, radical and pervasive. My guess is that it will take revolutionaries at grass roots level to deliver the wished for revival.



Simon Baldwin is a retail and communication consultant working with many of the UK's leading retail developers

Patent Box - one year on

BARBARA MCQUILLAN looks at how the new Patent Box regime is encouraging innovation

Intellectual property (IP) is fundamental to 40% of economic activity in the EU, according to a recent study from the European Patent Office.

While the UK is at the forefront of research and development in many industries, the commercialisation of these activities has often been poor. In fact, although 15% of the world's most cited research articles are generated in the UK, only 2.4% of global patent applications are made here and there are fears of a further reduction in the UK's technological innovation.

Patent Box was introduced in April 2013 to address this situation by providing a financial incentive for the commercial exploitation of patented technology. Patent Box is a generous regime which HMRC has predicted will provide £1.1 billion of tax relief by 2019. Under this regime, companies can elect to apply a 10% corporation tax rate to worldwide profits derived from qualifying IP.

Relief is available for patents granted by the UK Intellectual Property Office, the European Patent Office and by certain specified EU patent offices. However, patents issued by other countries, notably the US, Japan, France, Spain and Norway are not eligible.

Once a company has elected into the Patent Box profits from the patented item, and from any product containing the patented item, will be subject to corporation tax at 10%. For example, if a company which has developed a patented coating on frying pans elects into the Patent Box, all of the profits from the sales of those frying pans would be taxed at 10% rather than the current corporation tax rate of 23%. If the company has applied for a patent, the tax relief rolls up in the patent pending period and is given in full in the period in which the patent is granted.

Income derived from exclusive licences in respect of qualifying patents is also included in the Patent Box, as are other IP rights, including supplementary protection certificates, plant variety and data exclusivity rights. Pharmaceutical companies will benefit from an extra period of relief after a medicinal patent has expired to compensate for the extended length of time that their products take to reach the market.



To get into the Patent Box, companies with qualifying IP must have made a significant contribution to the creation or the development of the invention claimed in the patent or to a product incorporating the patented item. This condition prevents companies acquiring other companies with patents solely to exploit the Patent Box relief. Companies in a group may also qualify if another group company has undertaken the development as long as the company owning the patent undertakes an active role in managing its IP portfolio.

The Patent Box legislation has now been in place for almost a year and there are preliminary indications that the introduction of the scheme is influencing companies' behaviour, resulting in increased innovation in the UK. A recent example of this was GlaxoSmithKline's decision to relocate £500m of existing manufacturing activities from Singapore into the UK and to invest an additional £200m upgrading UK plants and building a technology centre in Cumbria. The relief will also benefit SMEs, including university spinout companies with patented inventions or licensed-in patents. However, a recent study by The Cambridge Design Partnership Research found that many SMEs are not aware of Patent Box and there was wide variability in the attitude to patenting in SMEs. The study concluded that if widespread participation in the Patent Box by all companies, regardless of size or sector, is to take place, HMRC will have to increase understanding of the benefits of the patenting process among SMEs. It has been estimated that the Patent Box could increase the net present value of a patented item by 10%, making the investment return more attractive.

Scotland has a tremendous track record over many years as a highly innovative country and with the introduction of the Patent Box all companies, and particularly SMEs, should be reviewing their IP strategy and existing product range to identify patentable technology.

The inclusion of a patentable feature in a redesigned product could result in significant corporation tax savings.



Barbara McQuillan is head of tax at Henderson Loggie, Chartered Accountants

Business and individual risk grows with tightened competition law

By CATRIONA MUNRO



Anti-competitive practices are set to face greater scrutiny from 1 April, as changes to the existing criminal cartel offence come into force.

Significantly increasing the risks for individuals who infringe competition law, the move follows criticism of the Office of Fair Trading (OFT) for its failure to successfully pursue competitors engaging in price fixing or information sharing. Prosecutions have been few and far between, due to the difficulty of proving that individuals acted "dishonestly".

A wide range of industry sectors, including construction, commercial vehicle manufacturers and recruitment agencies, have come under the OFT's spotlight. Some 100 construction firms were investigated as part of its 2009 cover bidding investigation, with an ongoing criminal investigation into the supply of products to the construction industry so far resulting in seven arrests.

At present, the authorities must prove the individual acted in a dishonest manner according

to the ordinary standards of reasonable and honest people and that the individual knew that others would consider what he or she had done to be dishonest. While it was always intended to set the bar higher for criminal liability, it turned out to be too high for the OFT to scale. As a result, the requirement to prove dishonesty will be removed from 1 April.

The move is likely to result in many more criminal cartel investigations by the Competition and Markets Authority (CMA), the successor to the OFT and Competition Commission.

There are some narrow defences to the new offence, relating to whether you tell the customer about or take legal advice on arrangements with competitors. However, such arrangements are still likely to be prohibited under civil law and subject to large fines. Significantly, these defences should not change a company's conduct and do not legitimise cartels.

The offence applies to individuals, but not companies, involved in the anti-competitive agreements. Managers not directly involved in

the anti-competitive agreements could be liable if they instruct a subordinate to enter into such an agreement. It is possible that senior staff that are aware of the agreement and fail to prevent it could be liable for aiding and abetting an offence, although this is likely to be hotly contested.

To avoid falling foul of the new regime, directors and senior managers should consider the following:

- Do you have a trained team that knows what to do if faced by a dawn raid?
- In the event of an investigation, the company may need to engage, or at least offer, separate legal representation for accused or potentially accused individuals. Typically, once an individual has concerns that he/she is in the frame, the advice is often not to assist the company but rather to protect personal interests. If the individual concerned is the only person with direct knowledge of the events relating to the investigation, how would the company protect its interests?
- Do employment contracts contain sufficiently robust provisions dealing with these sorts of circumstances?
- Would your directors and officers' liability insurance cover the costs of separate legal representation?

With the CMA assuming its powers in April, coinciding with the changes to the criminal cartel offence, it is important to review the current shape of competition compliance. Start by assessing how well relevant staff – especially purchasing and selling staff – know what competition law prohibits. Some practices that may still remain commonplace in some businesses, such as talking to competitors about pricing and new contracts, will be aggressively pursued by competition authorities. Just relying on a compliance policy is seldom enough and tailored training should be put in place to show staff where risks lie and why compliance matters, to ensure day-to-day operations are in step with current legislation.



Catriona Munro is a partner in the EU competition and regulatory team at Maclay Murray & Spens LLP

Damien Yeates

Position: Chief Executive

Company: Skills Development Scotland

Type of business: Non-departmental public body

Based: Glasgow



How long have your companies been established, and what are the main activities of your organisation?

The national skills body for Scotland formed in 2008. Services include the delivery of Modern Apprenticeships, employability programmes, advice for employers and careers coaching for in schools and beyond.

How many staff do you employ?

We have 1,252 staff, 1141 FTE.

What geographic area does your organisation cover?

The whole of Scotland, with centres from Shetland to Stranraer.

What was your first proper job?

My first job after finishing university was export marketing executive for Polydata, a software company in Ireland. It was a baptism of fire as shortly after joining I was sent to Copenhagen to set up our Scandinavian office.

Briefly chart your career to date.

Before SDS I was chief executive of the Scottish University for Industry and Govan Initiative Ltd. I previously held directorships at the Scottish Urban Regeneration Forum and Realizations International Ltd. I've got a Bachelor of Business Studies degree from Dublin City University and an MBA from the University of Strathclyde.

What inspires you to go to work every day?

A bit of a cliché..... but that I'm doing something worthwhile and enjoying it. The continual drive to improve the impact of public investment, while steering a large organisation, keeps work engaging.

Would you say you live to work or work to live?

I live to work but that doesn't make me a workaholic. You need to enjoy what you do because otherwise what's the point? That said, I like to think I've got a hinterland!

What piece of advice would you give to someone aspiring to be a senior executive in your sector?

Nurture your curiosity and creativity. As public finances tighten and future demographic trends drive greater demands for public services, with fewer workers contributing to the tax take,

there are major challenges ahead...we need more innovation and creativity driving new and more productive models of public service.

As a business person, describe your three main qualities?

Energy, enthusiasm and creativity.

And your worst quality?

Impatient – I want us to do it all, now!

What has been your most satisfying moment in business?

Managing the merger of four very different organisations into a body that is now proving its worth.

What has been your biggest mistake in business?

Probably turning down that job offer at Whatsapp!

If you could work in a completely different field, what would it be?

Something to do with the arts. I have a great admiration for writers, artists, actors, film makers and musicians...they provide the emotional sustenance for life.

What can you see from your office window?

Glasgow's historic, and ever changing, George Square.

How important do you think a university education is to succeed in business?

Scotland is very well served by a well funded, dynamic group of universities and colleges. They provide an excellent route to acquire the higher level skills that will be required to drive the Scottish economy.

Do you think it is important to continue structured training once you are in the professional world?

It's vital that we continue to learn and relearn throughout our careers. Whether this is structured or unstructured I'm not overly concerned about.

If you could employ anybody from the world of business who would it be and why?

Sir Jonathan Ive. He has unrivalled vision for creating generation defining products and the leadership qualities required to take others with him.

If you could choose to work for any other company in the world which would it be and why?

"Conseil Européen pour la Recherche Nucléaire", or European Council for Nuclear Research, CERN. I'm fascinated about the infinite possibilities arising from our emerging but immature understanding of quantum mechanics...it's mind bending.

If you could turn the clock back, what would you have changed about your business career?

Maybe have started earlier...and studied part time at university rather than full time.

What are your aspirations for your business for the coming five years?

We are in the early stages of developing a framework for new work-based, career pathways for young people Scotland. Over time we would hope that the pathways would provide all young people with the option of studying for a 'foundation' apprenticeship during the senior phase of secondary school, combining work placements, new work based curriculum and leading to a formal industry recognised certification. This will require new forms of collaboration between our schools, industry and our colleges and universities.

Renewable energy - planning hurdles

MURRAY SHAW looks at the challenges facing the development of renewable energy in Scotland in the near future

The commitment of the Scottish Government to renewable energy, which has been a notable policy feature of the SNP government, remains undiminished.

The Scottish Parliament is presently engaged in updating the National Planning Framework while the government is revising its principal planning policy document, 'Scottish Planning Policy'. During his recent visit to Cruachan the First Minister spoke positively in relation to hydro power generation as part of a balanced energy mix. He suggested that within ten years hydro could produce one third of Scotland's generating capacity. However, this clear commitment cannot in itself overcome a number of potential difficulties which will have to be addressed if the pledge is to achieve real outcomes.

Onshore wind has been the major means of generation to be developed over the last few years. It is generally accepted that most of the sites which raise fewest issues have now been consented, with the consequence that securing planning consents is more challenging. It is likely that more significant issues will arise as proposed sites impact upon cultural and historical heritage, sensitive and protected landscapes and raise issues of cumulative impact. It is interesting to note in January's Policy Statement in relation to the Scottish Planning Policy (summarising

the consultation responses on key issues) the Government record that the industry think the proposed safeguards go too far while environmental groups not far enough. Proximity to already built development is also likely to be more of an issue.

Public opinion of onshore wind developments is also likely to be an issue of increasing significance, both as a result of the perception that renewable subsidies have adversely impacted on energy prices but, equally, as wind-farms become more and more apparent as one travels around Scotland. While the Scottish landscape has always been subject to change, the scale of change is significant. There is no evidence that wind-farm developments in themselves have an adverse effect on tourism (an important contributor to the Scottish economy) but adverse impacts on key cultural and environmental assets as a result of their development may.

Of course, there are other types of renewable such as hydro, offshore wind, wave, biomass and solar. They may raise similar issues, though not necessarily of the same scale. However, other forms of developments (even if consented) will only take place if economically viable. In a Scottish context offshore wind and wave have, potentially, the most promise but, equally, raise significant technical and financial issues.

Those technical issues may become even more demanding if the climate is to change significantly, as events down south might suggest.

The basis for the financial support of renewable energy is likely to change as a result of the Energy Act passed late last year. A lot of work remains to be done on the detailed implementation of the Act, which is intended to reform the electricity market by 2017, a market which operates and is regulated on a UK basis. The Renewables Obligation which has supported the development of renewable energy will be phased out. While the Energy Act is intended to secure investment in the industry, how that will happen in practise is unclear. Just last week, for example, the UK government started a consultation on the mechanism (oftaker of last resort) intended to ensure that independent renewable generation projects are guaranteed market for their power. That reform may also be taking place while the consequences of the referendum are being digested.

Whatever the outcome it is likely there will be changed powers available to the Scottish Government. In the event of a vote for independence it is not clear how the renewables industry will operate in a UK context. While there will undoubtedly be a market for energy generated in Scotland, will that market operate on a different basis, particularly in respect of price and subsidy?

While there is no real doubt that the development of renewable energy in Scotland will continue, there are certainly issues to address.



Murray Shaw is a partner and head of planning at Gillespie Macandrew LLP

Medium scale wind: An important element in our energy mix



STEVE MCMAHON outlines the practicalities for medium wind energy as a mainstream renewable source

When someone outside the wind industry itself talks about "wind energy" or "wind turbines" there is an inherent and implicit assumption that what we are talking about is "wind farms" - groups of large wind turbines (BIG WIND) where each wind turbine has a rated power of greater than 0.5MW.

We commonly refer to wind turbines with a swept area (the area swept by the blades) up to 200sqm and with a rated power of less than 50kW as "small wind". We refer to wind turbines with a rated power between 50kW and 500kW as "medium wind", and anything larger than that as "big wind".

Unlike "big wind", the small/medium wind industry's wind turbine manufacturers are almost

all privately owned SMEs. The small/medium wind industry shares many challenges with "big wind" but with invariably much more limited resources.

A good example of this is the planning process, where small/medium wind is assessed in some aspects on the same basis as big wind, such as noise impact assessment. Big wind projects are very large projects that naturally take significant time to come to fruition and can therefore absorb the costs and time delay hurdles that are common between small/medium wind and big wind.

Most energy commentators agree that it is likely that the UK will face black/grey-outs in the near future due to the failings of our Victorian grid infrastructure. Moreover, even if we started to put plans in place today to completely overhaul the grid to bring it up to scratch it would take so long to complete that it is unlikely that it could help us avoid the inevitable black/grey outs!

This is a very strong case for distributed energy.

There is a lot of bad press surrounding the FiT for small/medium wind, with the accusation that homeowners, farmers, land owners and investors are lining their pockets with cash effectively funded by the electricity consumers. It is often overlooked that all forms of traditional and nuclear power generating stations receive support from the state for the creation of the station(s) and the consuming public effectively pay through their electricity bills.

With the anticipated 20% cut to the UK FiT from 1st April, any wind turbine less than 50kW will be a really hard project to justify financially, with payback periods being extended and overall ROI dropping.

When one combines this with the ever decreasing number of available good wind sites and the various problems in planning, we are likely to see a dramatic reduction in the number of new small scale wind turbine projects going into planning after 1st April 2014.

UK's distributed wind energy strategy relies heavily on individual farmers to finance projects, and with the reduction in the FiT and the very lengthy (and uncertain) planning process even for a very small wind turbine, many of these farmers are deciding in their droves that wind is no longer "worth the bother" and they are turning to other opportunities such as biomass.

So, what's the future for our small/medium wind industry? Well I suspect it's effectively "back to the future" and we will shortly see only those individuals and communities without access to the national grid or those that simply WANT a wind turbine embarking on a wind turbine project. So mini grids will be very important for the future of small/medium scale wind turbines where individuals and communities will be seeking to replace costly, unreliable and dirty diesel gen sets with wind turbines (and possibly in hybrid configuration along with perhaps solar PV and storage).

Much is being done in the areas of smart grid technologies and exotic storage solutions that will be key requirements in tomorrow's small/medium scale wind turbine projects.



Steve McMahon is VP sales and marketing for Orenda Energy Solutions, a privately-owned Canadian company with sales, marketing and customer support based in Scotland

All-Energy 2014 can help you in your energy quest

Whether you want to improve your organisation's energy efficiency; find out about the feasibility of installing any form of onsite energy onto your own business property; or are acting in any professional or business capacity for those involved with renewable and sustainable energy solutions, there's one place you need to be in May.

That's at All-Energy 2014, the UK's largest renewable energy exhibition and conference held annually in at the Aberdeen Exhibition and Conference Centre. This year's show is being held on Wednesday 21 and Thursday 22 May, and registration for visitors is open at www.all-energy.co.uk.



energy.co.uk. If you are interested in exhibiting or taking a sponsorship role you will find a range of suggestions readily available.

Your free entry to the show entitles you to visit the major exhibition – there were just over 600 exhibiting companies in 2013; and to attend any of the conference sessions or quick-fire show floor seminar programmes – there were some 350 speakers at the 2013 event.

Your networking and business conversations can continue at the Giant Networking Evening held on 21 May. Yes, All-Energy is a true one-stop-shop, it is no wonder that last year 7,687 individuals from 48 countries attended to find solutions to their renewable energy challenges, and about cutting their organisation's energy bills by sensible energy efficiency and management schemes. Yes, it really is free of charge to attend for all with a business/professional interest.

New features for 2014 include a cross-sector Share Fair helping suppliers know where they fit into the supply chain; and the All-Energy Power Club an invitation-only networking facility incorporating a concierge service for key stakeholders and senior project developers in the renewables industry.

All-Energy is where busy people come to do business. Don't miss out, register now via www.all-energy.co.uk/register

£4.8m boost to Scotland's marine energy sector

Scotland's marine energy sector is to benefit from almost £5m following the announcement of the distribution of funding from two initiatives is to be announced by Energy Minister Fergus Ewing during the RenewableUK Wave and Tidal Conference and Exhibition in Belfast during February.

Mr Ewing said five marine energy innovation projects are to benefit from a £2.8m share of the Marine Renewables Commercialisation Fund (MRCF), while tidal power company Atlantis Resources Corporation is to receive a £2m investment from the £103m Renewable Energy Investment Fund (REIF) to help establish a global engineering hub in Edinburgh.

The Atlantis hub, which will become the company's global centre of excellence is expected to create around 20 new high value jobs once fully operational.

The MRCF grant funding is critical to facilitating the success of the first wave and tidal arrays

in Scotland, while reducing the cost and risk of the technology. The funding will help build Scotland's marine energy industry, bringing important socio-economic benefits to remote and coastal areas of Scotland.

Initiatives benefiting from the MRCF funding include:

- Construction firm McLaughlin & Harvey, along with SeaRoc and Nautricity to fund the foundation system which will be used for Nautricity's 500 kilowatt turbine off the Mull of Kintyre.
- The European Marine Energy Centre to design and build a seabed monitoring pod.
- Marine energy company Green Theme to develop a cable-mounted device called 'CableFish' that includes a camera and GPS to help with cable installation in fast flowing conditions.
- Marine data experts Partrac, along with partners, to carry out surveys at two Scottish sites to understand turbulence in tidal flows.
- Design and engineering company Tension

Technology International and partners to design a novel mooring system that can be used for wave and tidal arrays.

Energy Minister Fergus Ewing said: "Scotland is at the forefront of developing offshore and low carbon energy generation technology with some of the world's greatest wind, wave and tidal resources heavily concentrated in the waters around our country.

"The allocation of almost £5m in MRCF and REIF funding highlights our commitment to supporting the growth of the marine energy sector in Scotland.

"Our ambition for Scotland's emerging wave and tidal sector remains great. We know that the successful harnessing of ocean power takes hard work and persistence and the Scottish Government is determined to support those within the industry.

"The funding announced today will help facilitate some of the country's most innovative and exciting marine energy projects and I am delighted we are able to assist these companies."

Opportunity (almost) lost

The shale revolution has driven down US energy bills, freed up household income and made North American businesses more competitive. **STEVEN FERRIGNO** asks: has Scotland missed the boat?



You'd have to have been hiding in a cave with a candle not to have heard something about The Shale Revolution these past 12 months.

One headline calls it the future of affordable energy. Another says fracking is the embodiment of environmental evil. Battalions of activists, lobbyists and journalists have mobilised for and against.

That's because shale gas is turning out to be as disruptive as the internet, but with potentially game-changing benefits for Scottish business, government, and anyone with a household utility bill to pay. Look at what's happened in North America in just three short years: natural gas prices have plummeted, coal has been pushed aside as an electricity source, a rejuvenated manufacturing sector is humming along on the back of low energy costs, and now abundant natural gas looks to make the continent a net exporter of fuel in the next 5-6 years.

If that happens Scotland could find itself awash in cheap LNG imports – dampening enthusiasm for investments in any homegrown shale production industry. But we won't have to wait that long to see the risks in letting America

extend its lead. With so much gas available, coal has been discarded there for power generation and utility companies here have been eagerly buying it up. Our (European) carbon emissions rose 4.5 per cent last year as a result of cheap coal displacing gas as a power source. US emissions, meanwhile, have been going steadily down.

What we're missing

Conservative estimates point to reserves of ca. 736 billion cubic metres of recoverable shale gas in Scotland and the UK, roughly equivalent to 10 years of supply. A report by the Institute of Directors suggests that shale could bring investment of as much as £3.7 billion per year, creating something in the order of 70,000 jobs, many of them in areas hard-hit by the economic downturn.

Scotland has shale formations across the Central Belt and Fife, and significant reserves of coal bed methane (CBM), another type of unconventional gas. Exploration in Scotland has been slow to develop due to opposition from environmental groups but also thanks to the emphasis Holyrood energy policy places on renewables.

With the recent saving of the Ineos facility in Grangemouth, it's worth remembering that Scotland built the world's first commercial oil refinery in 1851, driving a global export industry on the back of petroleum extracted from the shale underneath West Lothian. At the height of the original Scottish 'shale oil boom' (ca. 1912), Scotland actually accounted for 2 per cent of world oil production.

Has the penny finally dropped?

Westminster has belatedly launched the licensing regime for shale exploration, alongside tax incentives for local councils to speed up approvals. In Scotland a licence to prospect for CBM has been awarded to Berwick-based Greenpark Energy for a site near Canonbie. Singapore-based Dart Energy, meanwhile, has applied for permission to extract CBM from a site near Airth -- and has already signed a five-year deal with SSE to supply gas from 2015. A good start, but more needs to be done to keep this momentum going.

As an energy sector stakeholder I have a four-point proposal

1. Don't stop now. Scotland and the UK have taken the lead in Western Europe but there are already signs of a pushback in Brussels. It has to be resisted.
2. Reassure Scottish voters that shale gas points us in a greener direction, even if it isn't a perfect solution in and of itself.
3. Counter junk science. The environmental concerns about fracking have been overblown and the industry must make a concerted communications effort to debunk the myths around shale exploration with hard facts and evidence
4. To energy companies, utility companies, energy-intensive businesses and derivatives traders, the next 5 years will be a chaotic time in the market so understanding and managing the risks of shale investments in your portfolios needs to be a top priority

Whether or not a Scottish shale gas boom could ever replicate what's happened in North America is simply unknown. Exploration needs to happen now if we're going to find out.



Steven Ferrigno is managing director, EMEA for Allegro Development Corporation

The energy revolution



**FIFE COLLEGE EDIT/AD
(438338)**

CHRISTOPH BURGER and **JENS WEINMANN** from ESMT Berlin, say the fracking revolution will not jeopardise investments in renewable power supply

Hydraulic fracturing, or in short fracking, has apparently turned the energy world upside down: With the recent surge in exploration activities, the USA has decreased its oil imports by 44 percent and imports of natural gas by 58 percent since President Obama was elected.

Natural gas prices in North America are three times lower than in Europe. In 2012, the International Energy Agency, a think-tank sponsored by OECD countries, even predicted that the country may be autonomous in its energy supply within the next ten to fifteen years. Oil and gas company British Petroleum expects non-conventional gas sources to provide nearly half of OECD gas production by 2035. Countries like China are also heavily investing in fracking technology.

One may be tempted to assume that the new abundance of unconventional gas will reduce the diffusion of renewable technologies like solar panels or wind turbines, which are often more expensive than power generation based on fossil fuels. However, we highlight three reasons why the fracking boom will not jeopardise large-scale deployment of renewable energy technologies in the future.

First, the commercially and socially viable potential of fracking may be overstated – both from the supply side as well as from the perspective of consumer acceptance. Estimates of proven, commercially viable non-conventional reserves have been downgraded. Investments in exploration activities in the USA have declined from US-\$ 35bn in 2011 to US-\$ 3.4bn in 2013, and drilling has not yielded the results that were anticipated. Oil and gas companies face increasing resistance to drilling new holes from local residents. Cracks in the walls of houses, flames coming out of water taps and contamination of local freshwater sources are just some of the concerns that contribute to the not-in-my-backyard, or in short NIMBY, mentality. More importantly, the actual loss in the value of a property located adjacent to or nearby a drilling ground, as well as the visual and acoustic nuisance of heavy machinery, steel towers and the necessary transport infrastructure will foster opposition. A good example is the new German environmental minister and France's constitutional court who have opted against fracking.

Second, photovoltaic panels have experienced a steep cost reduction. Over the last 6 years, the price of installing photovoltaic cells on a residential rooftop has decreased by more than

50 percent in Germany. The Joint Research Centre of the European Union estimates that the total cost of a kilowatt hour of electricity produced by a photovoltaic panel currently hovers around 12 €-cents in northern Europe, depending of course on the geographic location. These cost reductions have triggered a boom in installations in countries that have more favourable weather conditions than northern Europe. More than 1.2 billion people in the world do not yet have access to the electricity grid, and for those communities and villages (and for local utilities) photovoltaic panels in combination with Diesel generators or micro hydropower plants are an attractive solution compared to extending the existing transmission and distribution network.

Third, only a small number of highly industrialized countries like Germany claim to have broken the nexus between energy consumption and economic growth. In most of the developing world and emerging economies in Asia, Africa and Latin America energy consumption increases even faster than the economy. For example, the International Energy Agency predicts that China will install more than 1,300 GW of new power plants until 2035, the equivalent of more than 1,000 nuclear reactors, to satisfy future demand of its population. Many countries are not able to keep pace with demand growth – frequent blackouts are the consequence. Decentralized renewable energies become attractive to increase security of supply. Above mentioned hybrid systems find their way in the market. Industrial, commercial and residential consumers increasingly rely on self-supply to hedge their local supply against disturbances from the grid. In rural areas, governments promote decentralized, renewable installations to enhance local value creation and employment, and reduce migration into urban agglomerations.

In the longer term, energy-hungry countries will make use of all energy sources and technologies available, including fossil reserves, nuclear power, and renewable energies. Thus, both oil and gas from fracking as well as solar energy will complement – and not replace – the existing and future portfolio of power generation.



Jens Weinmann (left) is a programme director at the European School of Management and Technology Berlin.

Christoph Burger (right) is a lecturer at the European School of Management and Technology Berlin.

Marine energy - delivering 'blue growth' in Scotland

By CALUM DAVIDSON, director of energy, Highlands and Islands Enterprise



**HIE FULL PAGE AD
(29452)**

If anyone doubted the potential of wave and tidal technologies to generate energy and jobs in Scotland a trip to Belfast last month would have dispelled misgivings.

The city hosted a UK-wide marine energy conference where ministers from three governments (plus one UK shadow minister) pledged support for the industry's growth.

Scottish Energy Minister Fergus Ewing was unwavering in his commitment, Northern Ireland minister Arlene Foster outlined genuine progress and UK minister Greg Barker told delegates: "The UK is seen as the destination for wave and tidal energy and we want to keep it that way."

Just as significant was the slew of positive stories.

Atlantis Resources Corporation - already planning a tidal array in the Pentland Firth - announced it would establish a global

engineering hub in Scotland, creating around 20 jobs, underpinned by investment from Scottish Government's £103m Renewable Energy Investment Fund, on the back of raising £12m.

Construction firm McLaughlin & Harvey will begin work with consultants SeaRoc and tidal developers Nautricity on the foundation system for Nautricity's 500kW Cormat turbine off the Mull of Kintyre, while engineering company Tension Technology International will commence design of a mooring system for wave and tidal arrays, and EMEC, the European Marine Energy Centre in Orkney, announced plans to design and build a seabed monitoring pod.

A new report *Generating Value - Maximising the Value of Marine Energy in the United Kingdom*, announced in Belfast, confirmed the sector employs 1,724 people in the UK (of whom 800 are in Scotland) - with the potential to increase this to 6,000 by 2023 and it could be worth £800m annually to the UK by 2035.

The UK has already installed more devices to

generate clean electricity from our waves and tides than the rest of the world put together and capacity is set to increase from the current 9.3MW to 100-200MW by 2020 - with the vast majority of this activity based in Scotland.

Last year saw 11 devices undergoing testing at EMEC, five tidal devices using a new quayside at Kirkwall's Hatston Pier, the world's first fully consented wave farm in the Western Isles, and the world's largest consented tidal project in the Pentland Firth.

Nearly 300 people in Orkney now work in marine renewables, and the population is growing. Positive net immigration is rare for remote island communities, and is a sure sign of the positive 'blue growth'.

The term may be unfamiliar, but across Europe 'blue growth' - generating new jobs around coasts in communities reliant on declining industries - is attracting interest.

Traditional marine industries such as fishing and shipbuilding have waned, and Brussels is now directing its attention - and new funding - towards different motors of growth.

At Highlands and Islands Enterprise we were at the forefront of the oil boom and are working closely with businesses to maximise the benefits of offshore wind, wave and tidal industries.

The fact that Brussels can see the potential is extremely positive. The wave and tidal sector is still at an early stage and will need public sector support for years.

In Belfast, we heard about the continuing challenges of getting technologies to operate reliably, and the frustration in connecting Scottish islands to the National Grid. But the overall message was finance, and public support will be crucial.

The industry has already attracted multinationals investing heavily and this has been extremely positive for the Scottish economy. Every £1 of public sector support has leveraged £6 of private investment and the last few years have seen hundreds of millions of pounds flow into new businesses.

Two tidal farms - Atlantis's Meygen project in the Pentland Firth and Scottish Power's Sound of Islay array - are ready to be built this year, but they must attract significant project investment. This will rely as much on the signals from government as the progress of the technologies. Big investors need confidence there will be a market for their technologies, not just now but in the years ahead.

It's our job at Highlands and Islands Enterprise to maximise the blue growth potential - through developing our ports, infrastructure, supply chain and skills. The international interest evident in Belfast and in Brussels demonstrates marine energy is a global opportunity, and it is up to businesses in Scotland to capitalise on it.

Would a new Scottish currency be viable?

If Scotland were to go it alone, it would have to pay its own way. But, in which coin? How would a Scottish currency work? **PETER JACKSON** investigates

Nothing concentrates the mind like a deadline, and, as the referendum date approaches the debate over Scottish independence heats up.

Now Chancellor George Osborne has lobbed in his grenade by squashing any idea of a currency union, the air is thick with angry claim and counter claim.

If one subject can be guaranteed to excite passions, it's money. Now, it's a question of which money.

In the past the nationalist position was straightforward: an independent Scotland would - after a brief and untroubled transition - take its rightful place as a member of the euro.

That was then. Now, as the UK watches the Eurozone nations struggling to make the single currency work or even keep it alive, the common feeling is: "Well, that went well didn't it?"

If that wasn't enough, questions have been raised - not least by the European Commission President - over an independent Scotland even being allowed to join the EU, let alone the euro.

The nationalist position is that Scotland

would continue to use sterling whatever Westminster might say and that, anyway, the rest of the UK would eventually see that this was in its own best interests.

In this context, it's hardly helpful that one of the world's most successful businessmen, George Soros, has rubbished the idea of Scotland hanging onto sterling's coat tails.

He said: "Scotland wants to remain part of the [pound] sterling and Britain is creating obstructions to that. It would be a very difficult relationship and I don't think that Scotland becoming independent and yet remaining part of the sterling is actually possible."

If Scotland did go down that route - or indeed joined the euro - it would be denying itself any monetary tools, such as setting interest rates, to manage its economy. It would be wholly reliant on fiscal measures, namely levels of taxation and spending. As nations such as Spain, Greece and Ireland are discovering, this demands a high degree of fiscal prudence and governments find that an unpalatable option.

As Alistair Cotton, corporate trader with Currencies Direct, puts it: "It forces the

government to be very responsible but they are politicians and, at the end of the day, if they are going to choose between being fiscally responsible and getting re-elected..."

This leaves the option of Scotland starting its own currency, let's call it the Scottish dollar. How would an independent Scotland go about making it work?

First, it would be essential to found a central bank to stand behind the new currency. It would regulate the payments system operating between the private banks and be a forum for them to settle their loans with each other.

It would also - crucially - be the buyer of last resort for Scottish government debt, working to make sure that debt market was functioning.

Cotton explains: "If you didn't have a central bank and Scotland had a separate currency, you'd be in the same situation as the Eurozone periphery a couple of summers ago where the market was willing to lend but only at penal rates to the governments because the central bank wasn't sitting behind them waiting to buy that debt. They almost got locked out of the markets."

John Watkins, senior partner at Stirling based chartered accountancy firm Dickson Middleton, says: "If you've got your own monetary policy it's not being dictated elsewhere, either in Westminster or in Brussels, and you can tailor it more for your local needs and set your own interest rates. That's the plus. The minus is: how big are you in the whole scheme of things, would you have to pay a premium to reflect greater risk?"

An independent Scotland with its own currency would have to print its Scottish dollars. Most of those wouldn't take physical form but would be bookkeeping entries created by private banks expanding their balance sheets.

A Scottish government would then have to set up a bond market and fund itself by issuing bonds for auction to primary dealers in the shape of the private banks who would sell them on to investors. Such a system would have to be created from scratch.

Then there is the little matter of UK government bonds issued in sterling prior to independence. If the new Scottish government expects any share of UK assets it would have to take a share of UK debt. This would be denominated in sterling and whether holders of that debt would allow it to be redenominated into a fledgling Scottish currency would be a question to keep the lawyers happy for some time.

Clearly the existing banking union between the UK and Scotland would be broken and this would also be a matter for involved negotiation. Which banks would fall under the jurisdiction of the Scottish Central Bank? Could Scotland support RBS's huge liabilities?

Would an investment arm split off to remain in London leaving a retail arm based in Edinburgh? This is key to the viability of the new currency because the private banks would be effectively the ones creating it.

Aside from government debt, all existing sterling contracts - from mobile phone deals to hospital PFI commitments - would have to be redenominated into the new currency.

This would be as complicated as it sounds.

"Redenomination would require lots of complex derivative contracts, all denominated in sterling," says Cotton. "If you think about what banks are major players in interest rate swaps and those sort of

markets which are absolutely gargantuan. How would RBS's swap book - if it decided to be in Scotland - be redenominated. You're running into exactly the same problem as with government bonds. Where were they created, under which law and whether the holders of these instruments are happy for that to happen or not. In terms of the overall size of the financial markets, they would be ginormous."

When there was speculation about Greece reverting to the drachma it was estimated that it would take years to work out which credit default swaps would pay out in drachma and which would have to stay in euros. For Scotland that challenge would be multiplied many times. At least many such contracts are now reported directly to trade repositories which could at least give a handle on the size of the task.

All this would have to be underpinned by the development of a legal framework for the settlement of contracts.

But the main issue for an independent Scottish currency would be the battle for hearts and minds.

The hardest of hearts and keenest of minds to win over would be those of bankers. If the majority of banks said they were going to domicile themselves in the UK then that might not leave enough banking institutions for a sufficiently deep and liquid capital market to make the whole thing work.

And it's not just the banks.

"If big businesses are not on board 100% I think they would struggle," says Cotton. "If businesses started to move their HQs back into a sterling

zone, then the banks wouldn't have anyone to make loans to. It's all interrelated and everyone has to be pulling in the same direction."

Steve Ruffley, chief market strategist with spread-betting platform Intertrader says: "If Salmond could convince the big companies that Scotland had the credibility then I think the majority of businesses would stay but these companies are ruled by their shareholders. If there was any kind of uncertainty or thought that their long term prospects were not in an independent Scotland then in a heartbeat, they would leave. There'd be an exodus because once one leaves they all tend to. That would leave a massive void and how would you fill that?"

Watkins poses the question: what inducements could a Scottish government offer in order to retain businesses? He points to the Republic of Ireland which has successfully attracted multinationals through adopting low rates of corporation tax.

To help bolster confidence there would also have to be a deposit guarantee scheme to stop any capital flight, of people dumping the new currency and moving back into sterling or euros or dollars. It would have to match or improve on the existing banking deposit scheme.

"That needs to be in place otherwise people will run for the hills," says Cotton.

An unanswered question is whether a new Scottish government would have deep enough pockets to underwrite such a guarantee.

So, the to-list for a new currency is daunting. Could it be done? You pays your money and you takes your choice.

Cotton thinks - after much potential turbulence - it could.

"It doesn't necessarily matter that the institutions backing it are young or don't have a great deal of experience as long as the framework is there and most important to that would be the central bank doing its job and supporting the government borrowing market. I wouldn't think it would take more than a couple of years to get that framework set up."

Watkins points out that many other smaller countries have their own currency.

But Ruffley is far from convinced.

"It's all very well getting independence, it's all very well getting what you want but sometimes what you want is the worst thing you could have asked for."



Excellence in waste consultancy

With legislation tightening, WamCal Ltd offers quality services in Waste and Resource Management Training and Assessment and Environmental Consultancy

From January 1, 2014 all Scottish businesses will have a legal duty to segregate recyclable materials, including metal, plastic, paper, card and glass under the new Waste (Scotland) Regulations 2012.

The new regulations will help towards achieving the ambitious targets set by the Scottish Government to recycle 70% of all waste by 2025.

The company which is perfectly placed to ensure businesses stay on the right side of these new waste regulations is Dundee based WamCal Ltd. Specialists in waste and resource management, environmental training and consultancy, the company are the leading training provider for WAMITAB/SQA awards in Scotland. With joint awarding body status, they are fully approved by SQA & WAMITAB for the assessment of candidates to deliver qualifications at levels 1-4 (including Certificates of Technical Competence

(COTC) and Certificates of Competence).

The company also offers the Chartered Institution of Wastes Management Waste Smart Certificate, a one-day introduction to Wastes Management. It can also provide bespoke courses tailored to clients' requirements. WamCal Ltd also provides consultancy advice on all aspects of Waste and Resource Management. Due to the recent introduction of the Fee For Intervention (FFI) by HSE, WamCal Ltd can offer businesses a Health & Safety Audit.

HSE's inspectors inspect work activities and investigate incidents and complaints. If, when visiting your business, they see material breaches of the law, you will have to pay a fee.

If you comply with the law you won't pay a fee.

FFI only applies to work carried out by HSE's inspectors so if your business is inspected for health and safety by another regulator it will not apply.

FFI will apply to all businesses and organisations inspected by HSE, except for:

Self-employed people who don't put people at risk by their work; those who are already paying fees to HSE for the work through other

arrangements and those who deliberately work with certain biological agents

WamCal will be able to carry out a health and safety audit for you, we will discuss the audit findings and give you best practice advice to put things in place. Remember FFI hourly rate currently stands at £124 per hour.

The company has a core team of four with 11 assessors around the UK and three internal verifiers.

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Please contact Darcy Dewar on **01382 477675, 07889 492598**, email darcy@wamcal.co.uk or visit www.wamcal.co.uk

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AD (74724)

Complying with the new waste regulations

By JOANNA WADDELL and STEWART MACIVER, Dundas & Wilson

The Scottish Government first launched its Zero Waste Plan (ZWP) in June 2010, setting a new and ambitious strategic direction for waste policy in Scotland.

The aims of the ZWP are to reduce Scotland's overall resource use, reduce climate change impacts and increase resource efficiency, with targets of a 70% recycling rate and a maximum 5% landfill rate in respect of all of Scotland's waste material by the year 2025.

The Government proposed 22 actions to achieve these aims and targets. As one would expect given the scale of change which will be necessary to meet the ambitions of the ZWP, the emerging landscape presents significant opportunities and challenges for businesses in Scotland.

The Waste (Scotland) Regulations 2012 are designed to implement some of the stated ZWP actions and on 1 January 2014 certain parts of these Regulations come into force which apply to, or affect, the business community. These are:

- source segregation and separate collection of the key recyclables - paper, card, glass, metals and plastics. Businesses must take all reasonable steps to ensure that key recyclables are collected separately;
- businesses producing over 50kg of food waste per week must take all reasonable steps to ensure the separate collection of food waste (except in rural areas);
- a ban on disposing of the key recyclables and food waste at landfill or by incineration; and

- businesses that collect and transport key recyclables and food waste have a duty to ensure that this waste is transported separately.

For businesses operating in Scotland, these are new responsibilities.

Do you fall into the rural area exception?

The Scottish Government's *Defining Rural Areas and Non-Rural Areas to support Zero Waste Policies* publication^[1], makes it relatively clear whether or not a property is in a rural area. Reference can also be made to Zero Waste Scotland's Postcode Finder which will clarify if the location of the business premises is a 'rural area'. If it is, the new obligations related to

separate food waste collections do not apply.



There are other exclusions from the new food waste obligations: hospitals are excluded from this duty but only until 31st December 2015; catering waste that originates from transport which operates internationally is also excluded as is food waste that is mixed with other biodegradable waste.

What are the penalties?

Penalties for non-compliance with the above new duties are in the form of fines, which can be unlimited. Preparation for these new duties coming into force is therefore vital.

What should you do?

We recommend that businesses take several immediate steps. All businesses should urgently conduct an audit of their waste management procedures to establish whether any changes are necessary to ensure compliance.

Businesses should consult their existing waste contractors about what plans they have for separate collection of the key recyclables, and establish what changes to existing contracts and existing fees will be required as a result.

This may be a good time to review existing arrangements and look for a more competitive, or more compliant, alternative.

In tandem, businesses should also establish if any key recyclables that the business produces are currently disposed of at landfill sites, and consider whether alternative arrangements are necessary.

Businesses should also identify whether the new duty regarding collection of food waste will affect them. If so, they should obtain competitive quotes from contractors who collect and transport food waste in accordance with the new duty.

This is only the beginning

Further parts of the 2012 Regulations which will require separate food collection from smaller scale businesses and a ban on municipal waste going to landfill will come into force in 2016 and 2021 respectively. With the ZWP in place and a continuing political emphasis on green issues, Scottish businesses will need to refine their waste management strategies regularly in the coming years.

[1] <http://www.scotland.gov.uk/Resource/0038/00389689.pdf>

The Scottish franchising challenge

Franchising is a proven business model, so why the seeming reluctance to take it up in Scotland? **BUSINESS SCOTLAND** investigates

FRANCHISE DEVELOPMENT SERVICES FULL PAGE AD (438591)

There is something of a mystery in Scotland's self-employed sector.

The long term decline in the traditional major industries and the end of the job for life in the public sector as well as the private has gone hand-in-hand with more flexible working practices and greater use of freelance labour.

All this has promoted a rise in self-employment, in Scotland as well as the rest of the UK. Franchising is seen as one of the easiest and least frightening routes into self-employment, giving the security of an established brand and business model, proven market and varying degrees of support and advice. So why is franchising in Scotland not doing as well as it is South of the Border?

It is still above the level of 2008, coming largely unscathed through the post Lehman economic turmoil and stagnation and it employs more than 30,000 people. But, according to the latest annual survey by the British Franchise Association and NatWest, in the UK the franchising sector has grown 20% since 2008.

The industry is worth £13.7bn annually in the UK, employing just under 600,000 people. In Scotland, however, the industry is worth just £700,000. Research by Franchise Development Services Scotland (FDSS) indicates there are 1,400 different franchises across the UK but only 500 of them operate in Scotland.

Why?

"There's no dramatic noticeable, put-your-finger-on-it reason for it. We don't have an explanation is the honest answer," says Graham Angus managing director of Franchise Development Services Scotland. "When you talk to fellow professionals in Scotland, everyone says the last year was busier than ever, we are also currently seeing a lot of existing Scottish businesses interested in knowing more about franchising."

He suggests that lack of information could be one reason.

"A lot of Scottish businesses are sitting on fantastic brand equities, proven systems and know-how that could be broadcast throughout Britain and beyond, in particular when it comes to the Scottish brands we are good at: food, drink, clothing. I think people don't really understand it as a concept and don't really put it in the equation as a way of growing their business.

"I think it's a question of knowledge and of understanding. Maybe we need to look at ways forward that would generate a lot more interest."

It is possible that Scotland's geography counts against when it comes to franchising. Population tends to be concentrated in the Central Belt, the West Coast and along the A9

corridor. Other than that, in Angus's words: "If you look at the map, there's a lot of sheep and grass." This means that franchisors can cover much of the population from a limited number of centres.

But, while this might explain any given franchisor only feeling the need for a limited number of franchisees, it doesn't account for nearly two thirds of franchising brands choosing not to operate in Scotland at all.

Again geography could provide at least a partial explanation. In England, there are no major cities, in terms of population, north of Leeds and Manchester, with the exception of the Tyne and Wear conurbation, which itself is nearly a two-hour drive from Leeds. Then it's another two hours to Edinburgh. In setting up franchises in Scotland, companies based in the South East of England have to look at extending an infrastructure of support over these distances.

"Maybe they don't want to commit to Scotland because of the distance and they don't have many boots on the ground for training and developing," says Angus. "Maybe they want a steady build up, with Scotland as one of the last places to come to."

But, the FDSS has plans to arouse interest.

Angus explains: "We have re-launched The Scottish Franchise Magazine. We are doing seminars throughout the country to meet with businesses which want to know how to franchise. I'm going out to tell people franchising is an option and this is how you do it. We are working with the chambers and we are doing a seminar in April with the Dundee Chamber and we are doing one in May with the Glasgow Chamber."

The FDSS is also working alongside Stirling University looking into the potential of the franchise sector in Scotland.

Angus is confident franchising opportunities will increasingly be taken.

He says: "There is an active market out there of people who want to invest."



Why would you franchise your business?

"A Get Rich Quick scheme." "A Gamble." "A Goldrush." – Franchising in Scotland is sometimes misunderstood. If you have heard about franchising and are wondering what it is really all about, **GRAHAM ANGUS** of Franchise Development Services has seven good reasons to be clear on franchising and what it could mean for your business...

Lower Cost

Unlike employees, franchise owners make an initial payment in return for becoming a part of your business. They continue to pay you a percentage of their revenue throughout the duration of the Franchise Agreement. This means that the costs of setting up the franchise, training staff and launching the business are all covered by the franchise owner rather than by the parent organisation.

Simpler Management

Franchise owners are themselves responsible for the day-to-day running of their business units and they must do this strictly in accordance with the Franchise Agreement and Operating Manual. As franchise owners have invested their own hard-earned money, they do not require the detailed level of management which would be needed for employees.

Faster Expansion

The benefit of self-financing business units and a simplified management structure, as described above, usually means that franchised networks can be expanded more quickly than company-run networks. Franchising is all about replicating a clear and successful business formula and, provided the franchisor is prepared to make a reasonable investment in marketing at national level, the brand can quickly be expanded nationwide.

Better Market Penetration

Franchise owners are normally well established as part of the local community, either on a personal level or as a result of their past business activities. This can give them a very significant advantage in gaining new business for the franchise at

a local level. They will generally live within the franchise territory, be known there and will be seen as having made a permanent commitment. These are all attributes which generally do not apply to company employees and will be of enormous value in helping franchise owners to penetrate their local market.

Greater Commitment

Franchise owners have invested in their business and know that they can benefit directly from its success. Logically, for that reason, their commitment will be much greater than that of employees, who have made no such financial investment and are guaranteed to receive at least a basic wage at the end of each month, regardless of performance. However, money is not the only driving force for better performance. Since the business is their own, franchise owners will take real pride in the service which they provide and will ceaselessly strive to exceed the expectations of their customers.

Less Recruitment

On purchasing their franchise, the franchise owners are really taking a decision to stick with their chosen business for the long term. If they leave prematurely they are unlikely to realise the full potential of their franchise investment and they could lose everything. Even when the time is right to sell, it is their own responsibility to find a suitable buyer. This means that the franchising organisation is generally freed from the time-consuming and tedious task of continually recruiting and re-recruiting

managers for its business units. As for recruitment of staff within the franchises themselves, the responsibility for this task clearly rests with the franchise owner, not the franchisor.

International Potential

If you have longer-term aspirations to expand your Scottish business internationally, the franchise system again has many advantages. Using a system called Master Franchising, you can quickly and simply replicate the whole of the your franchise model in another country, leaving the Master Franchisee to adapt the model to the local market – its language, business customs and legal requirements. This is a very effective method of expanding a business overseas without any need to create subsidiary companies or branches in your chosen countries.

How can Franchise Development Services help?

With over 32 years of giving franchise advice Franchise Development Services, (FDS) now has an office in Scotland. We combine best practice with best value in franchise development of national and international franchise networks. FDS has an unrivalled team of experts available to help you grow your business.

So, whether you are an individual with capital to invest in a franchise system, or a company seeking franchise consultants to help you to create a new franchise network, FDS can provide you with valuable advice and guidance.

Franchising

Crackdown on cyber crime before it affects your business

As Scottish businesses are increasingly coming under attack from internet fraud, **GARY FAIRLEY**, from the Scottish Business Resilience Centre, looks at how businesses can get tough on cyber crime

Small and medium sized businesses in Scotland are being urged to get 'Cyber Streetwise' to avoid becoming victims of internet crime.

The UK government recently launched its new 'Cyber Streetwise' campaign to encourage SMEs to be more proactive about their online security. With an estimated £5 billion loss to Scottish businesses alone, this is something that we simply can't afford to ignore.

'Cyber Streetwise' is part of the UK's National Cyber Security Programme, which has been backed with £860 million of government investment until 2016 to help businesses protect themselves from cyber crime.

Research has shown an increase in the number of attacks on SMEs, which make up the bulk of Scottish businesses, in the last year. If they don't take simple steps to protect themselves, they'll feel it in their pocket and can include financial or intellectual property loss, as well as significant damage to a company's reputation.

The risks to small businesses are varied; from seeing their online services compromised, websites taken down by the malicious hacker, to even company designs and product details stolen. More often than not, cash can simply be taken from bank accounts or goods purchased with details stolen from business accounts.

It's not just financial loss. SMEs must consider the reputational risks of cyber-crime. In many cases, if a small business wants to get on a supplier list, they need to demonstrate they meet some sort of security standard. The legislative risks around losing the personal data of customers can lead to prosecution under the Data Protection Act, with the Information Commissioner now having powers to impose fines of up to £250,000 in the worst breaches of the Act.

So, if a laptop or USB stick is lost or stolen, or a customer's private details are emailed to the wrong person, businesses could face a fine if they can't demonstrate taking reasonable precautions to guard against such mistakes. The costs associated with recovering from a cyber attack can also run into hundreds of thousands of pounds in the very worst cases.

With financial and reputational costs potentially so high, why put your business at risk by failing to install simple measures to protect your company?

More often than not, businesses view cyber security as being an issue that is the responsibility of the IT department, but like any other business risk, the response needs to be led from the boardroom.

Businesses need to be clear about what their main assets are, what critical systems they employ, and where information is stored. Then they need to understand how to protect that.

It's a myth that protecting your IT and online systems needs to be hugely expensive. At SBRC we've seen organisations vulnerable to cyber crime because they just haven't implemented the most basic procedures. Indeed the 'Cyber Streetwise' campaign research showed that less than half (46%) of SMEs regularly monitored their IT systems for breaches.

There are basic measures that all businesses can take to guard against online theft, fraud and scams:

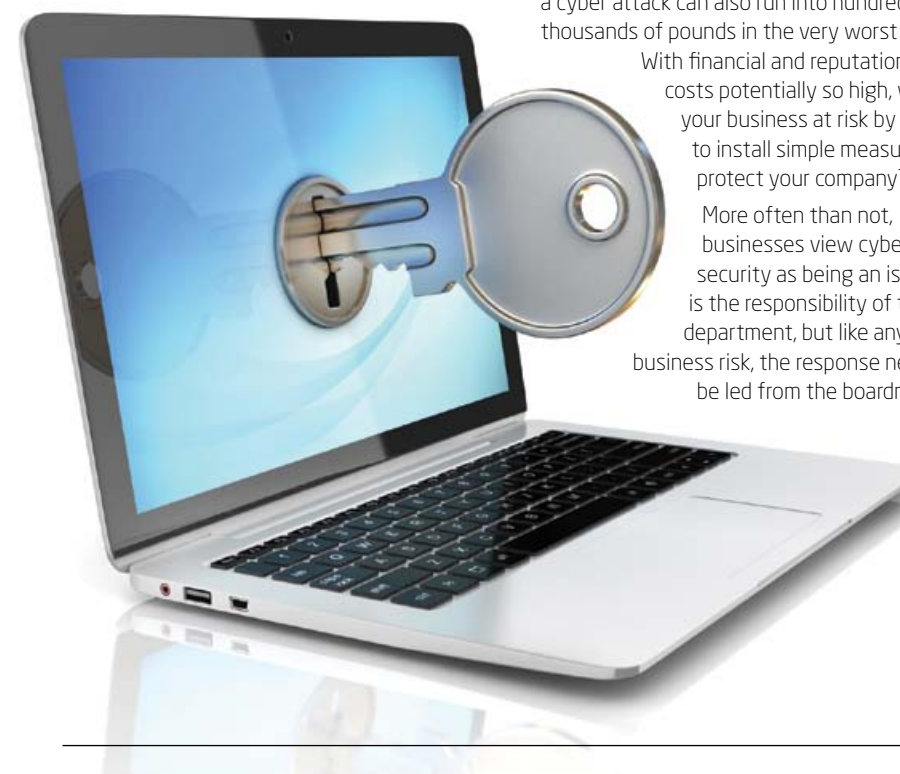
Make sure your security patches and anti-virus software definitions are up-to-date to avoid the threat of malware or viruses. One business we've worked with hadn't updated their anti-virus patches for 10 years!

Use strong passwords, which are complex – a mix of numbers, letters and symbols. Worryingly, the word 'password' still seems to feature in passwords!

Only download from trusted sites or organisations. Check emails are genuine and only download from official website and app stores. Businesses can also prevent or limit the ability of staff to download certain files that might cause a risk to PCs, networks and systems.

Review and protect your business information. If you manage a business, you need to manage your information. Make sure only those who need access to certain files and documents do so. And make sure you've got policies in place to protect customer information.

Train your staff on these issues. Make sure people understand information security policies and they're aware of the risks, such as phishing emails or fake websites.



Gary Fairley is cyber and digital lead at the Scottish Business Resilience Centre

Investment is the word for the oil and gas industry

MURRAY MCGUIGAN looks at the future of the Scottish oil and gas industry

If one word could describe the major trend occurring in the oil and gas industry in Aberdeen right now, it would be 'investment'.

In the last six months alone, Aberdeen has welcomed six new rigs from Singapore and Korea, and is expecting ten more before the summer. Concurrently, new and existing drilling projects from the likes of Prospector Offshore, Hercules and Enso are benefitting from hefty investments. Confidence in the energy industry is brimming and the evidence is on display in Aberdeen.

But it's not just energy projects receiving financial backing. The city itself has been flourishing with strong economic growth, property investment opportunities emerging and new development projects underway. For example, Aberdeen has been named as a successful bidder for a share of the £50million Super Connected Cities Funding; the construction of Prime Four, a brand new business park is ongoing and at least five hotels have opened in recent months. Though

not directly related to oil and gas, these improvements all contribute to the success and reputation of the region.

So why all the investment? The industry is experiencing resurgence, much of which is down to advances in technology enabling more efficient and cost effective subsea drilling activities. Investors are confident in the knowledge that Aberdeen is already Europe's unrivalled energy capital. It is home to more than 900 energy companies who collectively hold responsibility for 40,000 jobs, and with 24 million barrels of oil waiting to be recovered, there's no risk that the area will run dry any time soon. If anything, the city is now poised to steal the global crown; the Energetica project will see the formation of a 30 mile corridor for energy technology companies, the addition of hundreds of new businesses to the area and a potential £500m additional annual GVA.

But of course, not everything in life is rosy. While growth is great news for the city, new projects require staff to man them, making the oil and gas energy skills shortage more visible than ever.

Energy companies, and the recruiters that support them, have extended their search circles and frequently have to look beyond the local area to find the right candidates with the right level and combination of skills. And, once they've found them, they have to offer sizeable relocation packages and navigate complicated visa protocols in order to secure contracts.

Of course this isn't always a popular option; most people prefer to recruit locals to fill open positions, but unfortunately there is a shortage of local talent available. This may be something that changes soon. Scottish universities such as Dundee, Aberdeen and Robert Gordon are working hard to attract people into oil and gas, investing more money into relevant courses, adapting them to keep pace with industry trends and forming partnerships with local companies in order to offer work placements to students.

One way in which companies are managing to hire locally is by taking advantage of the restrictions on the local fishing industry. Many workers in this sector have strong marine backgrounds which can be adapted to jobs in offshore oil and gas, and with their own industry suffering, and few jobs available, a move into energy is a natural decision to make.

Looking to the future, the current rate of investment looks set to continue for some years, though something worth watching will be the path Scottish independence takes. Whether the country separates from the UK or not, Aberdeen's energy industry is unlikely to suffer. True, there is a small risk, but with so much of the investment in Aberdeen coming from outside of the UK, local businesses and workers really have little to fear.

For now, the Aberdeen energy industry is riding a wave of positivity. All signs point to years of success ahead, yet the threat of a skills gap cannot be ignored. If businesses are to maintain productivity and a full workforce, action to attract graduates into the industry and promote transferable skills must be taken by the industry, as a whole, now.



Murray McGuigan is drilling manager at Spencer-Ogden, Aberdeen

£10.6m for oil and gas innovation

First Minister Alex Salmond has announced funding of £10.6m for a new Oil and Gas Innovation Centre (OGIC) which will create and fast track pioneering solutions.

The new Aberdeen-based centre, funded by Scottish Funding Council and supported by Scottish Enterprise and Highlands & Islands Enterprise, will bring together more than 2,300 oil and gas operators and service companies with 12 Scottish universities with more than 450 academic staff and researchers working primarily on oil and gas specific technologies.

The OGIC priorities are:

- Enhanced Oil Recovery
- Subsea – including Subsea Tie Backs, Separation, Injection and Metering
- Seismic and Reservoir Characterization – including subsurface imaging
- Shale gas exploitation
- Asset integrity and life extension
- Decommissioning
- Production Optimisation
- Well Construction, Drilling and Completions including High Pressure High Temperature (HPHT)
- Health, Safety, Environment and Project Management



Alex Salmond

OGIC will support industry aims to increase production and reduce costs in the UK Continental Shelf by enabling the delivery of ground-breaking technical solutions, using the skills and expertise of Scottish universities, innovators and industry.

The announcement leverages over £26m of investments from various sources, including industry contributions and through other external funding agencies within its first five years.

Laurence Howells, interim chief executive of the Scottish Funding Council said: "I am pleased that we can support this partnership with nearly £11 million. Drawing on the rich knowledge, expertise, and innovative technology of our universities, the Oil and Gas Innovation Centre will help the industry to be more efficient, reduce its impact on the environment, and increase jobs and growth in Scotland."

Maggie McGinlay, director of energy at Scottish Enterprise said: "Scotland's oil and gas industry is made up of global operators and suppliers – along with an experienced supply chain of small to medium sized companies which we know have the foresight and capabilities to develop significant innovations in the sector."

"By bringing this together with the expertise of our world-class higher education system, OGIC presents a real opportunity to help maximise the recovery of oil and gas reserves."

CENTRIFUGES HALF PAGE AD (438658)

Accommodation specialist values local skills and expertise

Prosafe is the world's leading owner and operator of semi-submersible accommodation vessels.

With an existing fleet of six dynamically positioned vessels, and five anchored vessels, the Prosafe fleet is versatile and able to safely operate in most offshore environments.

Prosafe continues to support Scottish business by undertaking regular maintenance, repairs and upgrade works at Scottish ports. This work is vital to support the company's global operations and Prosafe values the key skills and expertise that the Scottish labour market has to offer.

Prosafe are utilising the facilities at the Port of Burntisland, the Firth of Forth's most natural harbour and one of its oldest. The port was chosen due to its natural deep water characteristics. The facility is operated by Forth Ports Ltd and the port is located on the north side of the River Forth, where it has the ability to provide transport and distribution by road,



Safe Boreas will be one of the most advanced and flexible accommodation vessels

rail and sea. Briggs Marine will provide marine services to support the planned work scope.

The Safe Bristol arrived in Burntisland in early January and is safely moored in deep water within close proximity to the port services. The agreed work scope is progressing well, with contractors and vessel crew working through the planned maintenance, upgrades and repairs.

The vessel is scheduled to leave the port in early April to begin mobilisation for its next contract in the UK sector of the North Sea.

The Safe Caledonia is scheduled to arrive in Burntisland during the first week of April after completing a contract for BP at the Andrew Field in the Central North Sea. The vessel will be in port for 45 days for planned maintenance and upgrade works. The scope of works includes fabrication, electrical, mechanical and

engineering work that will be carried out by numerous local and national businesses. Once completed, the Safe Caledonia will begin mobilisation to the Golden Eagle Field to fulfil a contract with Nexen Petroleum.

With ambitious growth targets, Prosafe aim to further strengthen its market leading position by continuing to invest in the existing vessels and by adding new, high specification units to the

fleet. Prosafe has four new builds currently under construction. With delivery dates from 2015, the Safe Boreas, Safe Zephyrus, Safe Notos and Safe Eurus will be the most advanced and flexible accommodation vessels in the market. In particular, the Safe Boreas and Safe Zephyrus will be fully compliant with Norwegian regulations.

Tackling the offshore skills crisis



Training centre, MTCS, based in England's Lake District, is attacking the skills crisis on three fronts with carefully designed training programmes.

Online

MTCS Online has been developed to meet the demands of the offshore industry. Global sales and marketing manager, Gail Bartolf, explains: "This is a virtual learning environment built to aid companies and individuals spending a lot of time offshore on vessels or rigs.

"While we do send trainers when possible to clients, the fact that they are all over the world or on changing shift patterns means there are extra issues with the training and getting-together of such people. A major issue is cost to the employer which can include flights, accommodation and perhaps day rates. MTCS Online is a distance-learning programme designed for the instant accessibility of the computer age.

"It's basically taking what we do in the classroom out to the worksites. It makes our products available anywhere, anytime, allowing individuals

and companies to use one system to track and monitor learners' progress throughout their offshore career."

Both candidates and their companies are given an ID number to be used throughout their training, so the latter can check progress to aid business decision-making.

"It obviously has huge potential for companies, and the end-user gets a copy of the course certificate," says Gail.

MTCS Online courses include: high voltage; hydraulics; fibre optic fault-finding; skills assessor for senior personnel working in remotely operated underwater vehicle, ROV; marine backdeck; diving and survey; and all offshore related competence schemes.

PDA Dunoon

Newly trained ROV pilots face several challenges, not least of which is gaining experience and to help overcome this MTCS has formed MTCS@PDA in Dunoon.

Gail explains: "Many companies won't take on new trainees, as they don't have sufficient flying

hours, so this is why MTCS is now working with the Professional Diving Academy in Dunoon, one of the most modern diver training schools in the world. We will be offering unrivalled industry training, where the candidate can clock up ROV diving hours in the sea loch."

Courses are run on a 38m training vessel, MV Sleat, whose on-board facilities include a training room, kitchen and rest rooms along with a first aid room. It is planned to run 5-day courses on the Tether Management System, TMS, and the Launch & Recovery System, LARS.

C-STATE

MTCS has also helped create CSTATE, Centre for Subsea Technology Awareness, Training and Education to address the growing skills gap.

A collaboration between industry and academia, C-STATE is a partnership between Modus, MTCS, Darlington College, Teesside University, Tees Valley Unlimited and Darlington Borough Council.

C-STATE, which went live at Darlington College in January offers training in subsea courses from apprenticeships to further and higher education, and industry-recognised and accredited training. Its aim is to ensure a supply of personnel ready to hit the ground running.

Trainees have access to a 200hp hydraulic remotely operated vehicle (ROV) in a safe, controlled environment, combined with classroom-based training for all courses. Industrial training is delivered by MTCS.

Gail Bartolf says that becoming an ROV pilot suits game aficionados.

"It's boys with toys really," she adds. "The more people play on such things as the Xbox, the better their aptitude.

MD Richard Warburton says: "We also get people from the military such as airframe technicians and weapons engineers who make good ROV pilots. Also those with trades like electrical engineers and car mechanics."

MTCS, which runs monthly ROV induction courses at Windermere, Singapore and Houston, is responsible for marketing C-STATE courses, which are: work class technical, high-voltage skills, high-pressure hydraulics, umbilical reterm, and subsea client awareness.

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Oil and gas recruitment difficulties increase

Aberdeen-based **KENNY PATON**, oil and gas partner at law firm, Bond Dickinson, looks at skill shortages in Scotland within the sector

North East Scotland is home to a significant proportion of the UK's oil and gas industries and is pivotal to the Scottish and wider UK economy.

The region generates the second highest economic output per head in the UK (behind inner London)¹ and has shown growth more than double the Scottish average since 2009². Capital investment in the sector in the UK Continental Shelf ('UKCS') is predicted to total £13.5 billion in 2013².

However, despite the employment opportunities afforded by the sector and demand for skilled workers the volume of Science, Technology, Engineering and Maths (STEM) graduates continues to decline. Last year alone the Organisation for Economic Co-operation and Development (OECD) warned of a shrinking pool of skilled workers in the UK.

Employment challenges

The oil and gas industry is highly skilled. Operators within the sector continue to face difficulties in recruiting managerial or professional employees and those in technical and skilled trades.

A recent survey we commissioned with the Aberdeen and Grampian Chamber of Commerce⁴ found recruitment difficulties are at their highest levels since 2007, reported by 75% of operators and 68% of contractors within the oil & gas industry.

Employers in this sector are grappling with the joint challenges of an insufficient supply of skilled labour and an ageing workforce.

The importance of staff retention in high skill industries

Losing a valued employee means losing his knowledge, contacts and experience. Finding the right candidate can take some time and prove challenging, particularly where employers are all looking to recruit from the same pool of talent.

If an employee decides to move firms, the employer has to pay the cost of recruiting a replacement. This includes direct costs paid to recruitment consultants and indirect costs in terms of the management time spent reviewing CVs and shortlisting and interviewing candidates.

This is combined with a loss of productivity, as it is not usually possible to recruit a replacement that can join before the departing employee leaves. In addition, the new recruit will need time to go through induction training, it can take up to six months for a new member of staff to be as efficient as the one he replaced.

If an organisation has a high staff turnover, this may become well-known in the marketplace and it can make it difficult to recruit staff. Estimates of the true cost of replacing a senior employee vary from 50% to 200% of his or her annual salary. It therefore makes sense for employers in high skilled industries to retain their existing staff. What steps can you take to do this?

Outlook

Employers within this sector are contending with the joint challenges of an insufficient supply of skilled labour and an ageing workforce. However, growth within the industry continues. Half of all operators reported an increase in production-led work in 2013 and expect of an increase in production-related work in 2014. The Scottish oil and gas industry offers huge potential for graduates, as well as economic growth - the demand is there, now just the supply is needed.

¹ ONS (2013) "Improving the measurement of workplace- and residence-based regional Gross Value Added", June 2013

² Oil and Gas UK (2013) Economic Report

³ <http://yougov.co.uk/news/2013/10/11/uk-skills-gap-stem-subject/>

⁴ 19th Aberdeen & Grampian Chamber of Commerce Oil and Gas Survey. The survey is independently conducted by the Fraser of Allander Institute. Established in 2004, it questioned over 700 operator, contractor and service companies over a two-month period in September and October. Feedback is used to track sector performance and to understand the issues faced by respondents within the sector and in particular how these relate to and impact upon the wider business community that the Chamber represents.

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A revolution in drilling skills

A booming offshore industry faces a growing skills gap, but one Aberdeen based company is doing its bit to meet that challenge – on a global scale



**ADC FULL PAGE AD
(438446)**

Those wanting to make their way in drilling and well control face a new hurdle.

From August this year, anyone wishing to pursue a career in the specialism has to have completed Level 2 of OGP's (International Association of Oil and Gas Producers) 5 Level recommended training structure. Recommendations that have now been adopted by the IWCF (International Well Control Forum) and integrated within its Well Control syllabus. This requirement comes at a time when the predicted shortfall of trained industry professionals runs into the hundreds of thousands, giving rise to inevitable fears that current training provision will not be adequate to meet demand.

However, ADC Rig Inspection, a 29-year-old Aberdeen-based company, with offices and agents in North Africa, the Middle East and Far East, has established its Virtual Academy, which can provide training anywhere in the world.

The OGP report allows online training for Level 2 with only the final exam requiring a classroom visit.

ADC's business development manager Jason McGill says: "We are the only company accredited by IWCF to provide online training for that particular level, based on the recommendations published back in 2012 by the OGP.

"It's all about passing on our experience as a

company and as a specialist within our area. The industry is talking about skills shortages which are also apparent within the training sector of the Oil and Gas Industry. Well, we have all the people and experience in-house and we can reach a lot of people internationally from one office to address that need and deliver that expertise."

ADC is particularly well placed to deliver such a course.

Jason explains: "We have Ian Cowieson, an oil man through and through with over 40 years' experience in the North Sea and beyond. A consummate professional, his unique mix of knowledge and first hand rig experience brings a whole new dimension to the quality of the Academy's content."

The emphasis of the course is on ensuring a thorough understanding of the subject.

"The drilling equipment or well control training is about making sure that the candidates have an understanding that can lead to competence in the subject matter and making them confident. If you are an engineer having a commercial conversation with a client you'll know what you're talking about based on the training that you've done. Drill crews have to be able to demonstrate that they have an understanding of the equipment they are using on a day-to-day basis."

A major advantage of the Virtual Academy course is that learning can be done anywhere at

times that suit the student and their employer. It is aimed at any business that needs an understanding of drilling equipment and may have engineer or graduate training programmes or a need to give its engineers greater exposure to certain equipment.

"We also look at providing the course to drilling contractors as well as making it part of the development of the drill crews," says Jason. "It's teaching the people working on the rigs - quite a spectrum of people. We also provide an understanding of dropped objects which is becoming a safety standard for the likes of BP, Odfjell and Rowan Drilling, among many others. We provide this for various companies and they use it as material based training for the crews working on the rigs, teaching them about the hazards of dropped objects to create a safe environment to work in."

So far, the feedback from training managers has been positive and ADC is planning to develop the courses even further.

Jason explains: "Virtual Academy is about to go mobile with full functionality across all devices including iPads and tablets. Secondly, the "Understanding Rig Inspection" qualification, developed by ADC, is a Customised Award that has recently been quality assured by the Scottish Qualifications Authority (SQA), Scotland's national awarding body. This is the first e-learning Customised Award to be credit rated on the Scottish Credit and Qualifications Framework (SCQF) by SQA. The Customised Award has been formally confirmed at SCQF Level 6 with 7 credit points. This award is comparable to other Level 6 qualifications including a number of Scottish Vocational Qualifications (SVQs) and some Professional Development Awards (PDAs). Providing benchmarked learning which is particularly important for ex-forces personnel looking to enter Oil and Gas."

One thing is for certain, online training is here to stay.

"The OGP's granting, for the first time, that learning for an accredited level can be completed online is massive," says McGill. "The industry's future lies in the hands of generations nurtured by the digital age, so to enable them to officially learn online will have a significant impact on the speed of addressing the shortfall in manpower throughout the industry."



Jason McGill

SMEs and auto enrolment - Are you prepared?

By **RICKY CLARK**, corporate consultant at Henderson Loggie Financial Services



B&CE BENEFIT SCHEMES FULL PAGE AD (36865)

Auto Enrolment has affected all companies since October 2012 when strict new employer legislation was introduced. Companies were set a staging date based on their employee numbers as at April 2012.

We now find ourselves entering the next staging date tranche, 1st April 2014 to 1st April 2015, when employers with 50-249 employees must comply with the statutory staging regulations.

Employers have been notified by the Pension Regulator of their staging date and employer duties. However, in our experience, it is evident that many employers are simply not acting upon this letter, and not staying ahead of the game. The responsibilities of the employer are clear at the outset and it is crucial they meet these obligations and set deadlines.

The main concern for employers is that they hit the key deadlines in a compliant manner. Leaving it to the last minute is not advisable as there are key areas within the Auto Enrolment process that are crucial to get right, and forward planning is key to this. Unfortunately, we are finding that employers are leaving it too late to act, meaning they are oblivious to the time

implications, budget costs and leaving their choice of pension provider limited. Additionally, employers also have to make sure that they register their new pension scheme with the Pensions Regulator within set timescales.

One of the first action points for employers is to assess their workforce. This sounds relatively easy - divide your workforce up into different categories of worker (eligible, entitled, and non-eligible) and enrol the eligible workers into a pension scheme. The employer must then write to all category members setting out their category and whether they will be auto enrolled. The reality is a whole lot different, as the assessment exercise described above has to be completed every pay reference period, and communications sent to those who have moved from one category to the next.

When assessing the workforce, it's also imperative that the information employers use is up to date and accurate. This enables them to get the right results for the employee categorisation. It is also important to get the information correct for any potential pension provider selected, as they will require the employer to provide them with clear and accurate findings. Common issues in relation to understanding how to calculate multiple pay

reference periods can also prove an onerous task. This can be common within companies who pay their staff weekly, fortnightly and monthly.

It is also apparent that many employers do not have adequate systems in place to comply with the record keeping duties and that many systems' capabilities to handle ongoing administrative duties fall below what is required. The records must be kept for at least six years and knowing what to keep, and how, is challenging, and system upgrades may be required to handle this.

Auto enrolment requirements have meant that payroll packages must handle new functions including opt-ins, opt-outs, refunds and ongoing assessment of the workforce. All of these functions are vital to the ongoing capabilities of a payroll system. We have found that employers are unaware of how important this is, and careful consideration is required to have adequate systems in place.

It is also worth noting updates in the legislation, with regards to;

- The automatic enrolment joining window is extended from one month to six weeks
- Deadlines for postponement notices and providing information to individuals on their opt in and joining rights are extended to six weeks
- The earnings thresholds increase to £5,772, £10,000 and £41,865 from 6 April 2014

These changes may also need to be addressed as it effects the information employers will need to provide to staff.

In our experience it is imperative that an employer has a strategic plan in order that the above duties are complied with. It may not have been such a fearsome task to larger employers mainly due to their HR and Payroll capabilities. This is not to say, however, that smaller companies can't do the same. It is, however, more common that SMEs simply do not have these resources.

I would strongly advise employers that they seek advice and the guidance they require, from either a company or an individual with the necessary experience required to assist them through this complex and expansive subject.



Ricky Clark

Mind the gap, warns NEST

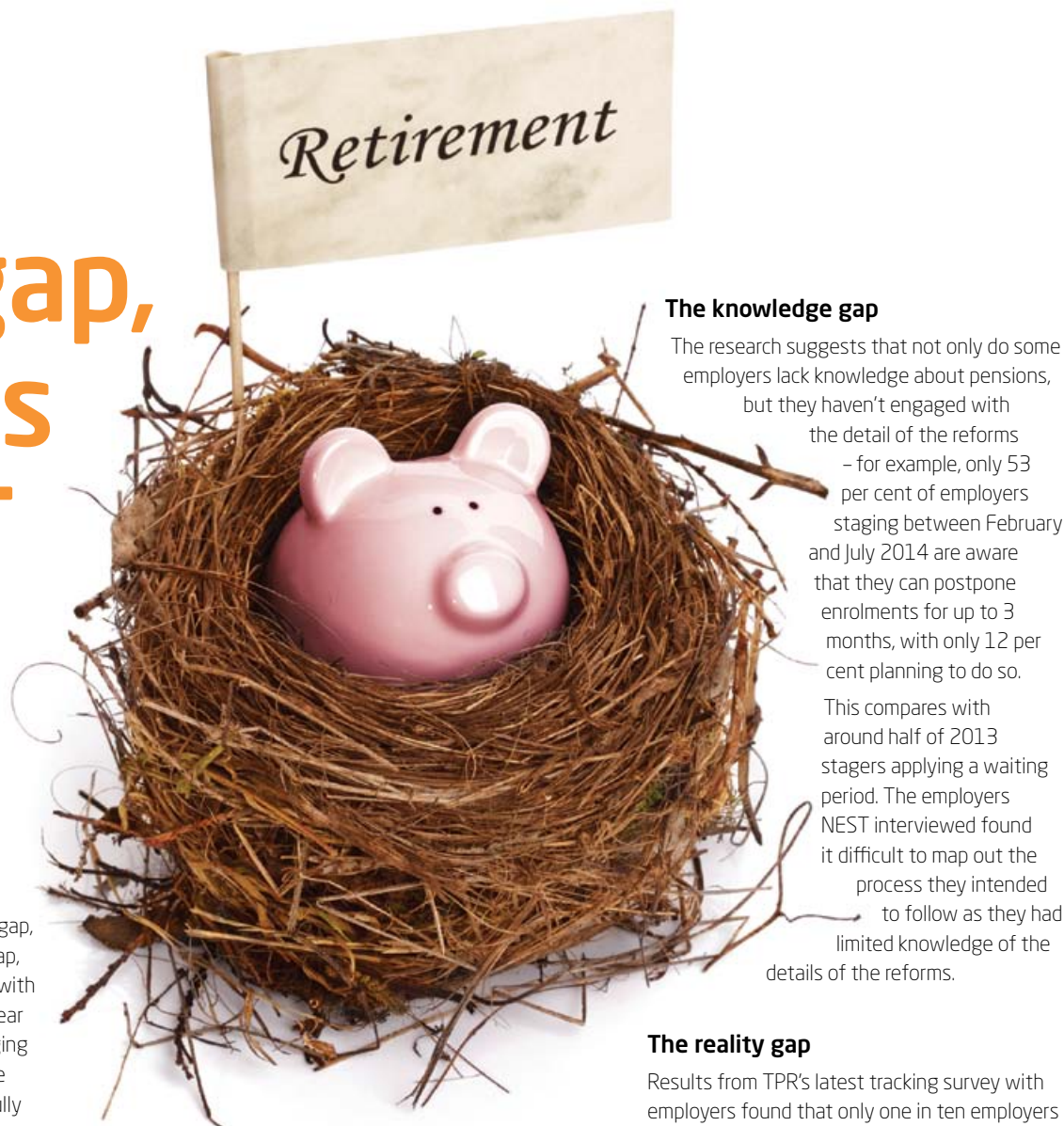
New findings released by NEST show that employers staging in 2014 have three fundamental gaps to deal with as they meet their automatic enrolment challenges.

Identified as the experience gap, knowledge gap and reality gap, NEST warns that, compared with their predecessors, second year employers may not be engaging enough with the detail of the reforms in order to successfully manage their duties.

The report, NEST Insight, commissioned by national not-for-profit pension scheme NEST, found that first year employers successfully navigated their way through the legislation thanks to their pensions experience and knowledge and by dedicating enough time to the project.

However, many reported that implementing the duties took longer than expected. The research found that 20 per cent of first year employers had taken over 16 months to get ready, despite previously offering a pension scheme to at least some of their workers. Even with this level of preparedness and experience, 66 per cent found meeting their duties more difficult than anticipated.

Commenting on the findings, NEST chief executive Tim Jones said: "The success of automatic enrolment so far, with low opt-out rates and over 2.5 million workers automatically enrolled in a workplace pension, is due in large part to the efforts of first year employers.



The knowledge gap

The research suggests that not only do some employers lack knowledge about pensions, but they haven't engaged with the detail of the reforms – for example, only 53 per cent of employers staging between February and July 2014 are aware that they can postpone enrolments for up to 3 months, with only 12 per cent planning to do so. This compares with around half of 2013 stagers applying a waiting period. The employers NEST interviewed found it difficult to map out the process they intended to follow as they had limited knowledge of the details of the reforms.

The reality gap

Results from TPR's latest tracking survey with employers found that only one in ten employers staging in 2014 say they plan to leave it as late as possible to comply.

This plan to be ahead of their deadline is at odds with the insight that only 23 per cent of employers staging between February and July 2014 have both confirmed the provider they'll use and that they've done everything else they need to do in order to be ready to comply.

This suggests that employers are not getting the message that they need to plan ahead, and are underestimating how much work is involved and how long implementation may take them.

"2014 sees a new set of employers meeting their duties and they may find it more difficult than their predecessors.

"Our research suggests that nine out of ten employers will expect help to fill any gaps in experience, expectations and knowledge.

"Our research also suggests that intermediaries are gearing up to help, but it's vital that providers, intermediaries and employers work together to ensure the next wave of employers can meet their duties successfully."

NEST insight identifies three gaps that employers may need help to tackle in 2014 and beyond:

The experience gap

Around a third of 2014 employers are likely to either not offer any pension scheme at all or just have a shell stakeholder scheme in place, while all 2013 employers had offered a pension. Only around half (52 per cent) said that they had a good understanding of pensions compared with 96 per cent of earlier stagers.



Tackling the energy skills question in Aberdeen



ERIKA CAMPBELL looks at how taking a fresh approach to recruiting talent in the energy industry could accelerate the skills pipeline while embracing millennials' ambition and wanderlust could boost retention

Over the past five years, routes into work and training have changed radically as businesses try to find more ways to tackle the growing issue of skills shortages.

We've already seen the manufacturing industry – from fabricators to bus builders – as well as traditional trades embrace modern apprenticeships as a route to securing the right people with the right skills to grow their businesses.

Could other industries use an employer-led solution such as this to accelerate the building of their skills pipeline?

In a recent survey, three out of four oil and gas firms said they planned to grow their business by 2015, however, for over 60% of energy CEOs skills shortages remain a major concern. And according to our Northern Lights report, Aberdeen needs to attract around 120,000 new recruits by 2022 if it is to realise its potential as a global energy capital.

A new approach to recruit and retain talent is needed.

Employers need to look beyond traditional recruitment methods to new models, such as modern apprenticeships.

By working collaboratively with academics, employers can define the skills and standards they need as a sector, securing skilled workers across a range of areas from finance and business development to human resources and engineering. We've seen the potential for apprenticeships to also become an established, recognised and respected route to careers at the very highest levels in professional services occupations.

School students also need to get the right advice so they know all the options available to them. They are increasingly weighing up career and training options differently due to the rising cost of living, fees (depending on the university location), greater competition for university places and rising graduate unemployment.

School leavers can follow a structured training and development programme, working as a fully integrated member of a team with live client assignments. They get to put theory into practice and get hands on work experience. Apprentices can also work towards a prestigious industry qualification, becoming fully qualified in their field, all while earning a competitive salary.

Talented students who are clear about their career path won't compromise on training and development, and apprenticeships can offer them a realistic alternative to get into business straight after taking their Highers.

For oil and gas businesses, recruiting apprentices provides a unique opportunity to bring new talented people into the workforce who, just like graduate trainees, will have opportunities for exciting career progression.

So, now you've got them, how do you retain your skilled workforce?

With Aberdeen a global hub for oil and gas, businesses looking to grow existing overseas operations or expand into emerging markets could perhaps tap into the wanderlust of millennials (born after 1980) and the younger generation.

The challenge comes, perhaps, when the location is deemed to be a little less desirable – this group has a discerning side. In our recent Millennials at Work survey, only 11% said they would work in India with a mere 2% saying they would work in China or Iran.

Businesses can, however, make the seemingly undesirable, desirable.

Throwing money at employees in the hope of incentivising them is one option. Offering an attractive financial package has long been used by industries such as oil and gas, which has a long track record of sending people to work in less attractive locations such as Nigeria and Algeria.

With governments in fast growing economies and destination cities now offering tax breaks or lower tax rates and investing in infrastructure, this can also be a useful incentive for businesses – and for the employee.

International assignments are also increasingly being seen as way of getting on a promotion fast track, with many employers placing a premium on mobility and how successful – professionally and personally – short or long term experiences have been.

With attracting, retaining and developing talent key for sustaining business growth, taking a fresh approach could put the industry on the front foot of the skills agenda.



Erika Campbell is a director at PwC in Aberdeen

Apprenticeship numbers rising

More than 19,000 people started Modern Apprenticeship during the first three quarters of the financial year.

The number of new apprenticeship starts between April and December 2013 rose by almost 1,200 compared to the same period the previous year – a rise of seven per cent.

Figures for the first three quarters of the financial year show that the Scottish Government's target of at least 25,000 new MAs every year is well on course to be met this year.

Latest figures cover the first three quarters of 2013/14 and show:

- There were 19,124 Modern Apprenticeship starts at December 2013, 77 per cent of the annual target of 25,000, and an increase of 7 per cent compared to the same point the previous year
- The largest proportion of starts in the year to date was in construction and related occupations – 17 per cent



- 63 per cent of starts were at level 3 or above, a rise from 61 per cent on the previous year
- The overall number of MAs in training rose from 35,915 at the same point last year to 36,846
- The overall achievement rate was for Modern Apprenticeships was 78 per cent, an increase of one percentage point from the same quarter last year.

Minister for Youth Employment Angela Constance said: "This is the first time that Skills Development Scotland has expanded its quarterly report on Modern Apprenticeship data to include commentary and analysis, which will help inform decisions made at a local and national level as we examine trends and where need exists."

"This is a very useful step, and these figures are very encouraging, painting an improving picture for Modern Apprenticeships in Scotland."

"The Scottish Government is committed to a target of at least 25,000 new starts each year and today's publication shows we are well on course to hit this for a third consecutive year, which is a credit to SDS, employers and training providers."

"But this isn't just about the numbers, there are thousands of stories underpinning such statistics, and each MA completed successfully is fantastic news, not just for the individual behind it, but also for their employer and the sector they work in."

"Key areas, such as construction and engineering are very well represented, with exciting longer-term careers available across the board."

"But we know that there is more that can be done to support young people towards work."

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(415741)**

The challenge for training and development in Scotland



JOHN MCGURK discusses how to improve productivity within Scottish businesses to boost the economy

Scotland has some great industries, workers with high-level skills and a well-qualified population. That's the good news.

On the flip side, however, there are also many people in Scotland with poor skills, a high proportion being paid low rates and a problem with low productivity. And while we have a surplus of students in some disciplines, there is a shortage of people to work in Scotland's expanding IT and life science sectors and further shortages of key engineering talent in oil, gas and energy.

Training and development are key to stopping Scotland falling further behind its competitors, as the CIPD's recent report with think tank SKOPE (the Centre on Skills, Knowledge and Organisational Performance) explains. Industrial strategy and the future of skills policy calls for governments – in Edinburgh and Westminster – to change their industrial strategies and focus on the high road of innovation, efficiency and higher skills rather than the low road of competition based on low cost, which is

associated with low skilled, low paid jobs.

But as well as lobbying for policy change, it also looks at the role of businesses and other employers. Firstly, they need to better use the skills of the people they employ. 30% of workers believe they are over-qualified for their jobs and there are far fewer graduate jobs than graduates meaning that too many people's skills are being under-utilised in the economy.

Secondly, employers need to invest in skills and create more productive workplaces and working environments. This partly means investing in training and development at different stages in people's lives and careers.

What does this mean in practice?

Preparing Scotland's young people for work

We need a combination of better vocational training routes like apprenticeships and traineeships, career advice for young people at an earlier stage and investment in training for our growing industries. We need to tap the

knowledge and expertise of our older workers as they exit the labour force, working with our further education sector in particular. We also need to invest in learning and development to build our large number of small and medium enterprises, and to ensure that our key existing industries are sustainable.

Equipping Scotland with the skills and knowledge for the future

We need to build a more robust engagement with the skills, learning and development required by the current and future workplace, like the IT, life sciences, oil, gas and energy sectors already mentioned. We need a workforce plan for Scotland that looks at our likely goals and objectives and tailors the skills to deliver. It's not enough to announce edicts about the need for STEM skills; we must build these into a continuous learning approach for the workplace.

Building the leadership and vision to compete

Better use of skills comes from having more sophisticated demand from employers. In practice, this is likely to mean training and development for managers and leaders to make them better at getting the best from their employees. Crucially, they need to raise workplace productivity by making use of all the skills their people offer and by driving innovation – innovation in the broadest sense. Innovation isn't just led by science, technological advances, patents, intellectual capital and technology transfer systems and processes. Innovation is also how work is organised and how people are led and managed, how new ideas and ways of working feed through to bring improvements in productivity.

Developing our people is critical to building a higher value, innovation-led economy, and that is CIPD's focus in Scotland. We need to widen a narrow skills agenda and join it up to look at the lifelong learning journey from pre-school to pension age and beyond.



John McGurk is head of CIPD Scotland, the professional body for HR and people development in Scotland

Scotland's digital revolution



Faster broadband is just part of a digital strategy for Scotland, which the government says it's on course to deliver

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(29452)**

Scotland is to get access to broadband more speedily now that new infrastructure has been put in place.

A dedicated internet exchange point (IXP), which will make it easier for internet service providers in Scotland to pass traffic to each other, went live last year.

Prior to that, most of Scotland's internet traffic went through London, Manchester or Leeds, which could result in delays but IXScotland is expected to reduce internet "lag" time by up to 75%.

IXScotland, which is based at the Pulsant data centre in Edinburgh, was set up by the London Internet Exchange (Linx).

According to Scottish Finance Secretary John Swinney, the move will allow internet service providers to securely pass traffic to each other in Scotland.

He said: "Along with our investment in next-generation broadband and measures to increase digital participation, this investment represents a further step on Scotland's journey to becoming

a world leading digital nation by 2020.

"Central to this will be development of future-proofed infrastructure that supports high quality connectivity on any device, anywhere, at any time."

IXScotland is not only a significant advance in itself, it also allows the government to point to a milestone passed in achieving the goals of its digital strategy: Scotland's Digital Future A Strategy for Scotland.

When it was first unveiled three years ago, a quarter of Scottish SMEs did not use the internet at all – which the government described as a missed opportunity in driving innovation and contributing to sustainable economic growth. Worse, most of the 25% not using the internet showed no intention of doing so in the next three years, believing the internet to have little relevance to their business. One reason given by survey respondents for non-use relates to lack of adequate IT skills but cost was not cited as the main barrier.

Of the remaining three quarters who said they

did use the internet, it tended to be mainly for email and web searching. And, while the report did indicate that more advanced use of the internet was taking place, those users were in the minority.

Plainly there was much ground to be made up and, following this, the strategy looked at a number of areas including the digital economy, usage and broadband connectivity and recognised the need to increase broadband use, upskill the population and improve coverage and access.

The strategy included an undertaking to invest more than £240m in extending next-generation broadband access to 95% of premises in Scotland by 2017/18. Other targets were that next generation broadband should be available to all by 2020, significant progress would be made by 2015; and the rate of broadband uptake by people in Scotland should be at or above the UK average by 2013, and should be highest among the UK nations by 2015.

The government argues that it has made progress towards achieving its aims and this includes:

- Taking steps to close the digital divide. It has signed two of the largest next generation broadband contracts in Europe, totalling more than £410m of public and private sector investment, to deliver when added to commercial programmes 85% coverage across Scotland by the end of 2015-16 and around 95% by 2017-18.
 - It is establishing the Business Excellence Partnership with leading representatives from the enterprise and skills agencies to drive growth in the digital economy and provide support and advice to Scottish Businesses on how best to use digital technologies to grow and develop their business, supported by £7m funding.
 - It has developed what it calls a High Level Operating Framework that sets out architecture and design principles for the development of digital services. It is claimed that these will promote joined up service delivery and help eliminate duplication and reduce costs. It is intended that this framework will be further developed into more detailed sets of standards.
 - A director of digital participation has been appointed, in partnership with the Scottish Council for Voluntary Organisations, SCVO, to reinvigorate the Digital Participation Charter and increase the rate of digital literacy in Scotland.
- Nicola Sturgeon, Deputy First Minister, said considerable progress had been made over the past year.
- She added: "We have taken steps to ensure that nobody gets left behind in the digital revolution."

tellmescotland.gov.uk - public information notices for Scotland

The tellmescotland.gov.uk portal is Scotland's national public information notices (PINs) portal, allowing public notices across Scotland to be published in a single online location for the first time.

It was launched on 20 December 2010.

It is a national initiative endorsed and supported by SOLACE, COSLA, The Scottish Government and Scottish Councils.



The aim is to provide improved accessibility to statutory and non-statutory information, and to help Scotland's 32 Councils achieve efficiencies with advertising public notices.

The portal is scalable for use by the wider public sector, and is part of a major national shared services collaboration. Its development follows the successful roll-out of myjobscotland, the national shared recruitment portal for Scotland. Since the launch of tellmescotland, the site traffic is increasing exponentially. The average

pages viewed per month is 22,726. It should be noted that over 33% of visits to the portal is via mobile devices.

Citizens can register for SMS and email alerts informing them on Planning, Licensing, Roads and General Notices within selected postcode areas of their choosing. There are also two stand-alone Apps on the iPhone and Android platforms to help citizens search for public information notices in Scotland, at their convenience, whilst on the move.

Case Study

The Moray Council has been uploading its Public Information Notices to tellmescotland since June 2011, the project initially being led by project development officer Peter Fidgett.

Promoting and raising awareness of tellmescotland has been endorsed and supported by the Leader of The Moray Council, Cllr Allan Wright and the initiative is in accordance with the Government's digital strategy.

Initial activity in August 2011 consisted of a link to tellmescotland within the Council's Planning web pages and two articles in the staff newsletter Connect.

In May 2012, Peter increased the promotion of tellmescotland by ensuring tellme appeared on the information screens in the Council's access points, included further promotion of the portal in Connect, and ensured literature and brochures were in local libraries.

Tellme promotion was further boosted in November 2012 when the Council's Policy

and Resources Committee agreed to use tellmescotland in parallel with press adverts for two years. The portal is to be publicised in all adverts and on all media relating to the notices.

At this time Peter commented that: "We decided to start the awareness internally to both load notices and get staff to use the portal to access them, now we have a critical mass the focus is on raising the public awareness. A key aspect is promoting the web site within the newspaper adverts, targeting those people that have an interest in them. Once people see the real advantages the portal has - and by measuring this perception - it will give us some strong evidence for future decisions."

To spread the word to Community Councils, Moray's Community Council liaison officer was contacted by the PINs project team. The liaison officer circulated information on tellmescotland and promotional material, including bookmarks, posters and business cards, was distributed at the Moray Joint Community Council meeting in November 2012.

As well as Community Councils, the Elgin

North Area Committee has also made contact with the project team with positive feedback and a promise to circulate information within the local community.

Since Peter's retirement in 2013 The Moray Council has continued to promote tellmescotland - both within and outwith the council. A permanent link is displayed on the Council's homepage and the portal has also been promoted via the Community Planning Partnership website, Your Moray, in addition to being uploaded to the Council's Twitter and Facebook pages.

A second round of promotional material was circulated to all community centres and libraries last summer and the spring 2014 issue of the Connect newsletter included an article on tellmescotland. In addition, contact is made with any departments carrying out consultations or planning events to encourage them to use the portal to promote their service.

Further information is available from:

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£6.6m for Digital Scotland

Scotland's digital technologies sector will benefit from a £6.6m to boost its internationally renowned reputation for cutting-edge expertise, the First Minister Alex Salmond has announced.

The funding will support digital skills and address actions set out in the information and communications technology (ICT) and digital technologies Skills Investment Plan, which was also published recently by the First Minister, on a visit to officially open the new Edinburgh

premises of CodeBase, Scotland largest digital incubator company. Scotland's ICT and digital technologies sectors deliver £3b to the Scottish economy and currently employs 73,000 digital technology professionals.

There is huge global demand for Scottish expertise and talent in this sector and this announcement will help maintain Scotland's position as a key player in the global arena.

Skills shortages challenge oil and gas sector

Oil and gas industry employers are facing significant skills shortages according to the Oil & Gas Global Salary Guide

Over 65 per cent (68.1%) of employers plan to increase headcount in 2014, exacerbating the already skill-short market, adding pressure to increase salaries to attract candidates, which is based on data from 24,000 respondents.

83 per cent of employers predict an upturn in salaries in the coming year as hiring managers vie for top talent, at the same time as further emphasis is put on benefits. The number of employees receiving benefits grew by over seven per cent over the last 12 months as employers look to bolster compensation packages with incentivised bonuses or attractive pension plans.

UK respondents indicated, 27 per cent of employees are offered bonuses, 25 per cent pension plans and 19 per cent have private health plans as part of their remuneration package.

Although in 2013 salaries flattened for the first time in three years employers' confidence in the market is high as 72 per cent of hiring managers have a positive or very positive outlook on the oil and gas industry.

The Guide produced by recruiting experts Hays Oil & Gas and leading jobsite Oil and Gas Job Search, shows UK local average salaries to have gone up by 0.85 per cent, whereas salaries for imported talent declined by 1.4 per cent compared to the previous year.

Are you an employer of choice?



As rising employment brings more opportunities for jobseekers, make sure you are an employer of choice, says **DARREN MONTAGU**, managing director of Hays in Scotland

A number of recent surveys report that employment in Scotland is finally moving in the right direction, with vacancies for permanent jobs rising at the fastest rate in eight years.

The employment rate is now 72.1%, an increase of 0.6% since the same time last year, with Scotland still outperforming the rest of the UK. This is all very positive, and is fuelling activity and increasing opportunities for jobseekers.

Signs that the UK is at last emerging from the economic downturn are to be welcomed. And it definitely mirrors what we're seeing at Hays - a tangible increase in business activity and confidence, particularly from SMEs, since the beginning of the year.

For jobseekers this is definitely good news. It means more choice, more opportunities and more scope. Skilled and experienced workers who were previously reluctant to move are starting to look around. Temporary workers are being made permanent. This all leads to an active and vibrant jobs market which benefits everyone, particularly in the currently buoyant sectors of IT, engineering, construction, oil and gas and financial services.

For employers, however, there are some caveats.

With this renewed activity, are you sure that your best people are happy to stay where they are, or might they be tempted to look elsewhere? If you're already facing skill shortages, how would you cope if one of your senior people moved on?

This could be a good time to make sure that you're an 'employer of choice'.

Think about it. Are you attracting the best people? And with more options readily at hand,

why should the best people come to you and not your competitors?

Your workforce will often determine your current performance, and should be at the heart of your competitive advantage going forward, no matter what size or growth stage you're at.

Do you offer training, career pathways, personal development programmes? Have you identified which members of your workforce have special talents or skills which can be encouraged and nurtured? Have you ensured that you've done enough to instil staff loyalty and commitment in the longer term?

It's also worth noting that attracting and retaining the right people doesn't come down purely to salary. Hays' surveys regularly report that other benefits are equally valued if offered as part of a package, and show how important it is to offer challenging work and a clear career path. Pensions and holidays are often the norm, but these days getting the work/life balance right is increasingly desirable. Do you offer flexible working, job-sharing, childcare vouchers? Attracting the best people and retaining existing staff is about making sure they work in a stimulating and rewarding environment, where they feel valued and fulfilled.

Serious jobseekers who make prudent career moves will always want to work for the best companies. Remember this at your next interview, as that candidate may also be interviewing you!

For more information visit www.hays.co.uk/scotland

ScotRail keeps people connected on the move

Free wifi is now available for the first time ever at 20 ScotRail stations across Scotland.

In late February, wifi was installed at Aberdeen, Anniesland, Ayr, Dalrnarnock, Dunfermline Town, Falkirk High, Fort William, Glasgow Queen Street, Helensburgh Central, Inverness, Kilmarnock, Kirkcaldy, Linlithgow, Mount Florida, Paisley Gilmour Street, Partick, Perth, Stirling and Wemyss Bay stations.

Dundee, Exhibition Centre, Edinburgh Park, Glasgow Central and Haymarket will follow very soon. And wifi will arrive at Gleneagles station as part of its refurbishment in time for next year's Ryder Cup.

Steve Montgomery, ScotRail's managing director, said: "It's exciting to have free wifi at our stations for the first time. We are confident that business people will find it useful, whether they are keeping up with emails or viewing the latest news about their industry."

"We know that customers increasingly expect to stay connected while travelling – with more than a quarter of a million wifi users on our express trains each month."

Several factors were considered when selecting the first tranche of stations to receive wifi, including footfall, how long people stay on the premises, number of services, onward transport links, and the impact of major events, such as



Transport Minister Keith Brown with ScotRail managing director Steve Montgomery at Paisley Gilmour Street station

the Commonwealth Games and Ryder Cup.

The Scottish Government has been clear that it would like to roll out wifi across Scotland's railways in future.

Transport Minister Keith Brown said: "The successful installation of wifi at stations will be welcomed by passengers, who can stay connected for longer during their journeys."

"A major challenge for transport operators is how to ensure we embrace new technologies to allow passengers to get on with their busy lives while travelling."

"Business organisations have been very clear that wifi access on commuter routes would

boost competitiveness in Scotland and this programme is part of ensuring wifi connectivity throughout the Scottish rail network.

"ScotRail have worked hard to bring in this first round funded by a £3million Scottish Government investment and we look forward to working together on a further round of station wifi installations to be revealed soon."

Wifi will be available for passengers and other members of the public to use when in and around the station premises.

The launch of wifi at stations follows mobile wifi being fitted to all 59 of ScotRail's Class 170 express trains during 2014. And it will also be added to its largest fleet of electric trains, Class 380s, soon.

It means that by spring this year, mobile will be available on the following routes:

- Edinburgh – Glasgow
- Edinburgh/Glasgow – Aberdeen/Inverness
- Aberdeen – Inverness
- Fife Circle
- Glasgow/Edinburgh – Stirling/Alloa
- Glasgow Central – Edinburgh via Carstairs
- Glasgow Central – Ayr
- Glasgow Central – Largs/Ardrossan Harbour
- Glasgow Central – Gourock/Wemyss Bay
- Edinburgh – North Berwick/Dunbar.

When wifi is available, web pages should load faster, and emails send more quickly.

Bandwidth is shared amongst customers, so speeds will fluctuate.

ScotRail will install improved log-in technology to the wifi systems on its trains and stations in the spring, allowing wifi users to move seamlessly between trains and platforms without re-entering passwords.

The contract to supply wifi at stations is being delivered by Global Reach / Level 3 Communications.

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Free health and safety advice can save your business money

SMEs in Scotland are being invited to save their business money by ordering 'Health Profits', our free guide, packed full of essential health and safety advice.

A direct marketing campaign was launched in March, which directs organisations to a dedicated landing page: www.hwiscot.com/healthprofits to find out more and order the guide.

'Health Profits' contains a wealth of information and practical tools to support the development of good health in the workplace. In three short sections it covers:

- health and safety legal responsibilities
- how to improve workforce health
- handy tools and templates such as worked example policies and risk assessment forms

Chris Thomas, programme delivery manager (Workplace Services) at Healthy Working Lives said: "No business can afford the cost of poor health and safety."

This guide is essential reading for all businesses.

"Not only have we helped employers comply with the law, they've even reported increased sales and productivity, lower sickness absence, a reduction in accidents and a more motivated workforce."

For your free copy of 'Health Profits' visit www.hwiscot.com/healthprofits or call the free advice line on 0800 019 2211.



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