

West Lothian Business

CONNECTIONS

THE MAGAZINE SERVING WEST LOTHIAN'S BUSINESS COMMUNITY • WINTER 2009

HIGH PERFORMERS

How three West Lothian firms are innovating to accumulate

WE'RE ON TRACK

The Airdrie-to-Bathgate rail project is shaping up nicely, says Ron McAulay of Network Rail Scotland

.....

SUCCESS REAPS AWARDS

The 2009 Business Excellence Awards – full report inside

.....
PLUS
The latest key economic indicators

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Cllr Martyn Day,
Executive Councillor
Development & Transport,
West Lothian Council



Duncan Walker,
President,
West Lothian Chamber
of Commerce

Welcome to our first issue of the year – bringing you news and views in and around West Lothian's business community.

2009 was a year packed with activity, testament to the healthy attitude that pervades among businesses in the area. As well as the ever-successful West Lothian Chamber Business Excellence Awards, held in November, which saw IT firm Atos Origin snap up the prize for Best Business of the Year (full details on pages 8-9), a celebration of youth enterprise took centre stage as part of Enterprise Week, also in November. The Prince's Scottish Youth Business Trust celebrated 20 years' work in West Lothian, while The Centre in Livingston helped Business Gateway to showcase some of the area's most promising new young entrepreneurs (see page 5).

Our cover story reflects on the success of three innovative companies that have embraced the business model of the knowledge economy and, with extra support from Business Gateway West Lothian, are confidently bucking the trend with ambitious expansion plans. To read more about Conjoint, Robbie Fluid Engineering and Fibre Photonics, turn to pages 6-7.

The strong response to the Alba Innovation Challenge, as launched in our last issue, provides more reasons for West Lothian to look optimistically to the future. Find out which firms have been shortlisted for the £50,000 prize package on page 4.

West Lothian firms can also look forward to new business opportunities presented by new rail links to the west. An exclusive Q&A with Ron McAuley, Network Rail director Scotland, as he updates us on progress with the mammoth project linking Airdrie and Bathgate, can be found on page 11.

West Lothian's nascent links with China means that the options for exporting to this vast market are high on the agenda (page 13). Businesses will shortly be targeted with a survey to evaluate how our business support agencies can help ease your path to international trade.

Difficult economic times are still with us, but there is increasing reason to be optimistic as some of our economic indicators show how we are holding our own – even improving – in key areas. (See pages 14 and 15).

Business Connections magazine is unashamedly upbeat and positive about the local economy. West Lothian is a great place for business, located between Scotland's two major population centres with excellent skill levels in its workforce and a high quality of life.

To keep up to date with what's happening in West Lothian, why not sign up to receive our monthly e-mail magazine *Business Connections Online*, bringing you all West Lothian's business news, developments, events, economic facts and figures and new business support initiatives. Forward your copy to others if they have an interest in West Lothian and please keep sending us news of your own company successes.

Cllr Martyn Day, Executive Councillor Development & Transport,
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INSIDE

4 ENTERPRISE

The Alba Innovation Challenge competition has reached the shortlist stage, with seven companies in the running for £50,000 worth of support.

5 YOUTH ENTERPRISE

20 years after the arrival of the Prince's Scottish Youth Business Trust in West Lothian, the area is celebrating the achievements of its young entrepreneurs.

6 INNOVATION

Conjoint, Robbie Fluid Engineering and Fibre Photonics show the way to realising their expansion plans in niche markets.

8 BUSINESS EXCELLENCE

West Lothian Chamber of Commerce's Business Excellence Awards for 2009 celebrate the cream of local business.

10 BUSINESS STRATEGY

Could the conditions be right for you to sell your business? Planning is crucial says Andrew Ewing of Springfords LLP

11 TRANSPORT

Ron McAuley, Network Rail director Scotland, gives *Connections* an update on progress with the ambitious Airdrie-to-Bathgate rail project.

12 GREEN BUSINESS

The Carbon Trust, in association with the Business Environment Partnership, is offering a free workshop programme to West Lothian businesses looking to reduce their energy costs.

13 INTERNATIONAL TRADE

The Carbon Trust, in association with the Business Environment Partnership, is offering a free workshop programme to West Lothian businesses looking to reduce their energy costs.

14 ECONOMY

Are things looking up again for the local economy? *Connections* looks at the stats and reveals a mixed picture.

15 KEY ECONOMIC INDICATORS

A £50,000 kick-start of combined finance and business support would be a healthy head-turner for any new business in today's economic climate.

And yet this is exactly what Business Gateway West Lothian put up last autumn as the prize in a competition to attract the country's best innovators to the area – Scotland's Capital of Enterprise.

The Alba Innovation Challenge, sponsored by West Lothian Council, Scottish Enterprise, Alba Innovation Centre, Springfords and MBM Commercial LLP, attracted intense interest from 25 companies before the deadline arrived on 30 October.

Now the 25 have now been whittled down to a shortlist of seven. In the winner takes all competition, they are competing for:

- Free accommodation for a year in a fully-serviced suite in the prestigious Alba Innovation Centre
- A cash prize of £10,000
- Low-interest loan funding of £20,000
- Links to advisory support
- £7,500 worth of accountancy services
- £7,500 worth of legal services

Project Chair Alice Sinnet, Business Gateway manager at West Lothian Council said: "We are absolutely

RIISING TO THE CHALLENGE

The Alba Innovation Challenge was taken up by 25 aspiring companies this Autumn, each one vying for the chance to win substantial business support and develop their idea in West Lothian.

delighted with the high calibre of entries which have exceeded all expectations for the first year of the challenge. "As a result, this made the short listing to seven extremely challenging for the Project Board."

Among the shortlist (see box) are innovations that span the energy, IT, biotechnology and healthcare sectors – testament to the range of skill and entrepreneurship that exists in Scotland. This was not lost on Carol Wright, partner of Springfords accountants, one of the competition's sponsors:

"It is terrific to see such great talent and ideas coming through the applications. It made my job as a board member and judge extremely difficult but enjoyable", she explained. The

seven candidates short listed are now working towards an interview with an external panel of judges between the 28 and 29 January 2010, which will lead to the outright winner being announced at an event on the 24 February at Howden Park Centre in Livingston.

The competition's Project Board – keen to ensure that the unsuccessful candidates are not disheartened – has offered support from Business Gateway and the Alba Innovation Centre. Stephen Morris, Alba Innovation Centre manager explained: "Although these candidates were unsuccessful in making the short list, they all have huge potential. We hope to be able to work with them and help them grow and expand their idea in West Lothian".

Challengers for the title

- **PAOLO DI PRODI - ROBOMOTIC**
Design solutions for health care and assistance. Intelligent motion sensor and alert, targeting healthcare for elderly.
- **DAN ARNOLD - EPISTEMY**
Accurate forecasting of volumes and risk in oil exploration.
- **NICHOLAS PSAILA - OPTOSCRIBE**
3D micro- and integrated photonic solutions for communications and biomedical sensing.
- **PETER HIGGINS - UWI TECHNOLOGY**
Smart label for monitoring food, pharma and other chemicals.
- **JAMES LUCAS - WHITE LABEL TECHNOLOGY**
Software development of next generation computer servers.
- **GUY HUNTER - ALBA TECHNOLOGY BRIDGES**
Design and production of bridge-boards for software development.
- **ZIMEI RONG - SENSOR MEASUREMENT ENGINEERING**
Provides biosensor - based diffusion testers for biomaterials.

"The outright winner will be announced at an event on 24 February at Howden Park Centre in Livingston."



YOUTH ENTERPRISE COMES OF AGE

For 20 years, the Prince's Scottish Youth Business Trust (PSYBT) has worked hand in hand with West Lothian Council's Business Gateway service to ensure that young people's entrepreneurial spirit is not held back by age or inexperience.

A lot can happen in 20 years of fluctuating economic fortunes and opportunities. West Lothian is no stranger to the changes that have shaped the area's economy, but a constant theme among its younger population has been one of a significant interest in going into business for themselves.

Recognising this taste for youth enterprise, backed up with local strategies to boost employment and job creation, business support agencies and local government alike have spent many years working on the ground with young people to help them realise their dream of being their own boss.

With youth unemployment higher than for the population as a whole, entrepreneurship is an important means of creating jobs and improving the livelihoods and economic independence of young people.

But it's generally recognised that young people can be disadvantaged by their age when it comes to starting a new business. Barriers range from social and cultural attitudes towards youth entrepreneurship to a lack of entrepreneurship education and hard to access to finance/start-up funding.

Since 1989, when the Prince's Scottish Youth Business Trust was established in West Lothian, it has helped young

people aged 18 - 25 to start over 500 businesses. Practical business workshops have built on the council's enthusiasm for enterprise as part of the school curriculum, and a minimum of two years of post-start mentoring support has helped to keep the young business on track.

And the omens look good for those that are taking the step into self-



employment. Figures from PSYBT itself suggest that 82% of these businesses continue trading after one year, and that 64% of those, continue trading after three years.

During Enterprise Week last year (16-20 November) the success of young businesses in West Lothian over the last 20 years was marked with an exhibition held in The Centre in Livingston.

Twenty PSYBT supported businesses took part, demonstrating the wealth of entrepreneurship that is capturing the imagination of the area's young people – from health and sports therapy and the traditional trades, to niche products and services such as fashion design and comedy events management.

Linlithgow-based cake design

specialist Truly Scrumptious – also a recipient of PSYBT support – lent its skills to the event, decorating five anniversary cakes at the event for raffle in aid of charity.

West Lothian councillor Martyn Day, who opened the event, commented: "It was both a fantastic day and an excellent way to show off the range of young entrepreneurs that are flourishing in West Lothian.

"The event not only exposed these businesses to potential customers in the commercial heart of Livingston, but served as a motivation for other young people who may be considering self-employment."

Business start-ups are a vital part of West Lothian's economy. Business Gateway supports the start of some 300 new businesses each year and helps to create 360 jobs annually.

Twenty years on, the enthusiasm among West Lothian's young people to be their own boss is still strong. November's anniversary event was confirmation of a continuing willingness among young people to take steps that help create wealth and jobs for the local community, simply by realising their dream to be their own boss.

HIGH PERFORMERS

Three West Lothian firms with a knack for innovative product lines show how their respective niche skills are bearing fruit in a competitive marketplace.

Thanks to several decades of hi-tech innovation and up-skilling of the workforce, it has taken only a few recent years for the positive impact of West Lothian's most innovative companies to become clear. Through their innovation and exploitation of niche markets, many local firms are looking forward to 2010 with high optimism.

West Lothian is blessed with the presence of many small firms – headquartered here – that show how the high-level R&D, design, manufacture and delivery of increasingly niche products is a fitting example of the knowledge economy in action.

Livingston-based **Conjunct**, for one, has its eye on the prize of success, designing, developing and producing short-range optical interconnects for short-range, high-speed data communications. Established just over 5 years ago, this pre-revenue, early-stage company has North American and Asian technology OEMs in its sights as its key client base, and is in a position to expand significantly the scale of its operation from its West Lothian headquarters.

The Braveheart Investment Group is backing Conjunct to the tune of £1.3m, confident of the badge of scientific excellence earned by owner Ken Allstaff's Fellowship of the Royal Society.

In 2005, a relocation grant from Business Gateway helped the company move to Brucefield Industry Park in Livingston. Similarly, product

development funding and forthcoming gap funding support in 2010 means that Conjunct is extremely well placed to realise its ambitions.

The commercial viability of the company focuses on its ability to develop systems capable of sending vast amounts of data at high speed – something its US and Far East OEM suitors are keen to exploit.

Looking ahead for Conjunct, the firm's expansion at Livingston will focus on research and development, while manufacturing will be outsourced to mainland Europe. As for sales activity, the world is one hi-tech oyster.

Fibre Photonics, based in Rosebank, Livingston, is another hi-tech company with big export potential. The company produces mid-infrared (MIR) fibre optic materials and spectrometers, and is forecasting to grow sales to well over £1m in 2010 as well as looking to grow its HQ in West Lothian from an R&D base.

Founding director and CEO, Gary Colquhoun is more than satisfied with West Lothian as a base, not least because of the concentration of domestic clients. "The signposting support given to us by Business Gateway has helped us connect with the engineering supply chain in and around West Lothian. There's a lot of talent and people around West Lothian who are already skilled in engineering, optics, life sciences and chemical sciences. This is important to us because our main future

Gary Colquhoun, CEO of Fibre Photonics (left) with Jim Henderson, Business Growth Adviser at West Lothian Council's Economic Development Service





Mark Robbie, owner of Robbie Fluid Engineering, demonstrates specialist equipment at the company's premises

“For three companies at least, the difficult economic climate has become the setting for them to rise to a multitude of challenges through innovation, enterprise and appropriate support from local agencies”



customers are in the chemical sciences field.

“The mainstay of our business in Scotland lies within the avionics sector, so it’s key for us to be near both Edinburgh and Glasgow. I can be with our key stakeholders in either city within 45 minutes.”

But the overseas market also remains a prime objective, and Fibre Photonics has recently expanded into Germany, opening a Berlin office last October. This new sales, engineering and applications facility is seen as a vital development that will capitalise upon and sustain the recent growth of the company.

With the company having just shipped its 4,000th MIR cable in December, there’s little to stop Fibre Photonics achieving its ambitions both here and abroad.

A fitting example of the engineering excellence Gary Colquhoun cites in West Lothian is **Robbie Fluid Engineering** – a 4-year-old firm that has already built up a significant reputation among its M8 corridor client base.

Based at Livingston’s Houstoun Industrial Estate, Robbie Fluid (RFE) is a specialist provider of hoses and fittings, tube and valves, both off-the-shelf and custom made.

Established by Mark Robbie, RFE was the result of his leaving a management post at WL Gore to go it alone to create this start-up, which currently employs around 5 full-time staff.

The challenges in providing ever more specialist components and service for hydraulic and pneumatic machinery means that Mark was able to enlist Business Gateway’s help in pre-start planning, ongoing advice and project grant funding that would help increase the technical capacity of its workforce.

With clients typically across the Central Belt, Mark now aims to build upon its impressive reputation for service and innovative solutions wherever the customer requires it.

For three companies at least, then, the difficult economic climate has become the setting for them to rise to a multitude of challenges through innovation, enterprise and appropriate support from local agencies.

WEST LOTHIAN'S HIGH ACHIEVERS CELEBRATE SUCCESS

West Lothian Chamber of Commerce's Business Excellence Awards are a firm favourite in the diary of businesses across the area. This year, the event did not disappoint as five well-deserved winners each picked up an award for making their mark on West Lothian business.

The Macdonald Houstoun House Hotel in Uphall was the setting for the highlight of West Lothian's business calendar, as the 2009 Business Excellence Awards ceremony took place on 27 November. Five categories were up for grabs this year: Enterprising School, Entrepreneur and Business Start-up, Women in Business New Business of the Year, High Growth & Innovation, and Best Business of the Year. Livingston based Atos Origin, an information technology firm, took the honours for West Lothian's Best Business 2009.

Steve Langmead, Vice President - Scotland at Atos Origin, said: "It's a real coup to win Best Business this year and we are absolutely delighted. We take pride in ensuring we have a balanced business that focuses on our customers, our people and the environment we work in.

"This award recognises the excellent commitment and focus of our team and I'd like to take this opportunity to congratulate them all on this award and

thank them for their efforts - we're all looking forward to a long future in West Lothian."

Atos Origin can be described as a truly international IT services company. With 280 staff based in Livingston, the company is on track for a turnover of £100m despite the pressures of economic downturn. Over the past year, its growth has prompted staff promotions as well as an increase of around 20 personnel at Livingston. Atos's corporate social responsibility policy allows staff time off to volunteer for local projects and actively encourages everyone to reduce their carbon footprint. Where possible the organisation uses local suppliers and trades people. The award judges described Atos Origin as "an outstanding example of international business which makes the most of its location in West Lothian to continue to grow, while providing excellent services to all its clients".

The Best Business award was sponsored by accountancy firm Springforde and presented by the firm's business growth specialist and partner Carol Wright, who added: "The quality of entries was extremely high and, despite the economic recession, it's wonderful to be able to recognise that some companies are not only thriving - they are excelling in the current economic climate."

The award for High Growth & Innovation, sponsored by West Lothian Chamber of Commerce, went to the Linlithgow-based precision engineering company, Fasteq Ltd, thanks to its



Kim Walker of the Advance Consultancy receives her award from David Sibbald



Mike Wilson of Fasteq receives his award from Duncan Walker

outstanding growth over the last two years. But judges were also impressed by the innovations it has made to position itself as a high quality supplier in a complex market.

Livingston business StarNet Geomatics Ltd was Highly Commended in this category. The Shona Sibbald Award for an outstanding woman in business went to Kim Walker of The Advance Consultancy. Kim started her business in 2007 to develop business

“The quality of entries was extremely high and, despite the economic recession, some companies are not only thriving - they are excelling in the current economic climate.”

plans for organisations, help clients develop managers in high performing teams and provide a unique model for building strategy for change as well as providing coaching for individuals and executive teams. The Entrepreneur & Best Business Start-up Award, sponsored by West Lothian Council's Business Gateway, is made to a successful new business which has demonstrated entrepreneurial potential for long term business success and which provides a good role model for other start-ups. The award, presented by West Lothian councillor Martyn Day, went to Platinum Recruitment Services, with AGR & Sons Highly Commended. Platinum is able to provide its clients with a network of high-quality tradespeople in the construction sector, and was recognised by the judges as having an honest and upfront approach that gives it an edge over its competitors. The Enterprising School Award, sponsored by Russell Europe, is presented to a school that has demonstrated and delivered commitment to innovation, creativity and enterprise in the curriculum. The award went to Seafield Primary School, with Balbardie Primary Highly Commended. Eric Harton of Russell Europe said: "We are proud to be associated with the award for enterprise in schools and are delighted with the excellent high degree of commitment to enterprise which has been demonstrated by so many West Lothian schools."

The five winning companies were not the only beneficiaries of the night. Thanks to a typically generous gathering of attendees, the event's charity draw raised over £1600 for Riding for Disabled at Oatridge College.



Scott Haldane and Heidi Idle of Atos Origin receiving their award from Carol Wright



Stephen Donoghue of Platinum Recruitment receives his award from Cllr Martyn Day

This year's winners

- **Atos Origin** – Best Business 2009
- **Fasteq Ltd** – High Growth & Innovation
- **Kim Walker, The Advance Consultancy** – Shona Sibbald Award for Women in Business
- **Platinum Recruitment Services** – Entrepreneur & Best Business Start-up
- **Seafield Primary School** – Enterprising School

ON TIME, ON BUDGET, ON TRACK

Following his successful presentation to West Lothian and North Lanarkshire Chambers of Commerce in November, **Ron McAulay**, Network Rail director Scotland, spoke to *Connections* to update readers on the Airdrie to Bathgate rail project.



Ron McAulay, Network Rail director Scotland (left) and Stewart Stevenson, Minister for Transport, Infrastructure and Climate Change, at Livingston North Station.

Q: The A-B project has been under way for over 2 years. How is the project going?

A: The construction programme is progressing well. We are on time and on budget, despite a challenging programme and recent poor weather, and we remain on course for running the new services from December 12, 2010.

The double tracking of the railway between Newbridge and Bathgate, completed last autumn has had a positive impact on service performance, meaning passengers are subject to less delays and cancellations. Meanwhile the upgrades at Livingston North and Uphall stations have been completed, delivering early benefits to the travelling public.

Work on the new section of the rail link only began in February this year but already, work along the entire route is evident. We've made a great deal of progress carrying out earth works, installing new bridges and building temporary roads. The new stations are also beginning to take shape.

Q: The rail link was planned during a time of sustained economic growth, but is likely to be competed under more difficult conditions. What impact, if any, do you think this might have on the original projections of benefits to the areas served?

A: Network Rail builds for the country's needs on a long-term basis and the Airdrie-Bathgate Rail Link is a project that will be benefiting people way beyond its 2010 opening. Not only are we bringing significant benefits to communities in West Lothian

and North Lanarkshire, we are delivering a sustainable public transport alternative to the M8. Indeed, we predict that 12,700 people will use the rail link each day when it is opened.

Q: What have been the knock-on benefits to businesses from the sheer quantity of services that a project like this needs to procure?

A: As much as possible, we recruit locally and encourage our contractors to do the same. In the last few months, we have worked in partnership with our principal contractor Carillion to place over 100 people from local line-side communities in a training course and employ them on the project.

The training programme was specifically designed in conjunction with Jobcentre Plus, taking candidates from the long-term unemployment register and providing industry recognised training.

In the long-term, we expect thousands of businesses in North Lanarkshire and West Lothian to benefit from this project, which will connect them with Scotland's two largest cities - widening the catchment for staff and helping businesses to become more competitive.

We carried out a survey in the planning stages of the project and the results were that over 70% of local businesses think the rail link will improve their access to the labour market and over 50% of firms thought the rail link would be used in their business.

Q: What have been the most challenging and exciting things about the project so far?

A: Every time I go out on site, the landscape has changed since my last visit. It is incredibly exciting to see a project of this scale literally rise from the foundations and very rewarding for us to see the tangible results of our hard work.

As with all projects of this scale, there have been challenges. The Scottish weather hasn't helped and the teams on site are currently dealing with a lot of excess water, but we are finding new and innovative ways to get round this to make sure that we stay on track.

As January 2010 approaches, we'll be laying the first tracks on the new line and looking forward to opening the new railway in December.

Full steam ahead in West Lothian

- Bathgate Light Maintenance Depot has been completed and the depot was commissioned in November 2009.
- The piling works, to insert the structures to support the overhead electrification lines, at Whitburn Road in Bathgate are now complete.
- Work on the bridge at Stonerigg Road in Armadale has now finished and the road has reopened.
- The team will now move onto the next bridge at Harthill Road/West Craigs Road in Blackridge.
- Track laying between Bathgate and Drumgelloch is expected to start early in the new year.

TIME FOR AN EXIT?



How best to proceed if you want to sell your business in the current economic climate? Planning is crucial says **Andrew Ewing**, Partner - Corporate Finance at Springfords LLP.

Many business owners believe that selling a business in the current economic climate is a bad move. However, this view is only valid if one looks back to the recent past where businesses were being sold for large multiples of earnings and generating large exit premiums for their owners. That bubble has, unfortunately, burst.

Who knows when, or if, we will ever get back to the level of valuations that businesses were attracting two years ago?

Therefore, other factors must come into consideration, such as personal retirement plans, business cycle, appetite of purchasers, the competitive market place and the broader tax environment.

Would you, for example, put off retiring for another five years in the hope that valuations increase to 2007 levels? Is the business cyclical and therefore to put off a sale would be to miss the top of the cycle?

At the moment, strong businesses are keen to acquire and may be looking to expand. If they don't buy your business they may buy your competitors, which could have an adverse effect on your business.

Also, currently, Entrepreneur's Relief allows the first £1m of Capital Gains, under the correct circumstances, to be taxed at ten per cent. Who knows if the next Government will maintain this tax rate, however this is unlikely given the Budget deficit.

No matter the circumstances, selling your business should not be a spur of the moment decision. To maximise value, certain elements of planning should be instigated such as:

- **Align shareholder aspiration;**
- **Ensure you have all important contracts signed and on file;**

- **Have a tidy office/factory;**
- **Produce regular and accurate financial information;**
- **Strip out one off/personal expenses from the business;**
- **Ensure all equipment is in good condition;**
- **At the relevant moment make sure key customer/suppliers are made aware of what your plans are to get them onsite;**
- **Have a strong second tier management in place so that your leaving the business does not remove all the value;**
- **Have a sensible set of financial projections that show what the business can achieve in future years;**
- **Make sure working capital is well controlled.**

You may already have a tightly run ship and have decided that now is the time to sell, or you may be at the early stages of the decision making process.

Either way, you should speak to professional corporate advisers to ascertain a realistic price expectation and seek some tax planning advice.

Also, beware of the sales agent. There are a number of these businesses around and, whilst they will work hard in a matchmaker role to find a purchaser for a large, upfront fee, they will leave you to transact without support and you will not get best advice on taxation, structuring or legal matters.

Workshop

Springfords LLP, in association with Business Gateway West Lothian and MBM Commercial LLP, is running a workshop on the subject of developing an exit strategy for your business on Thursday 28 January 2010.

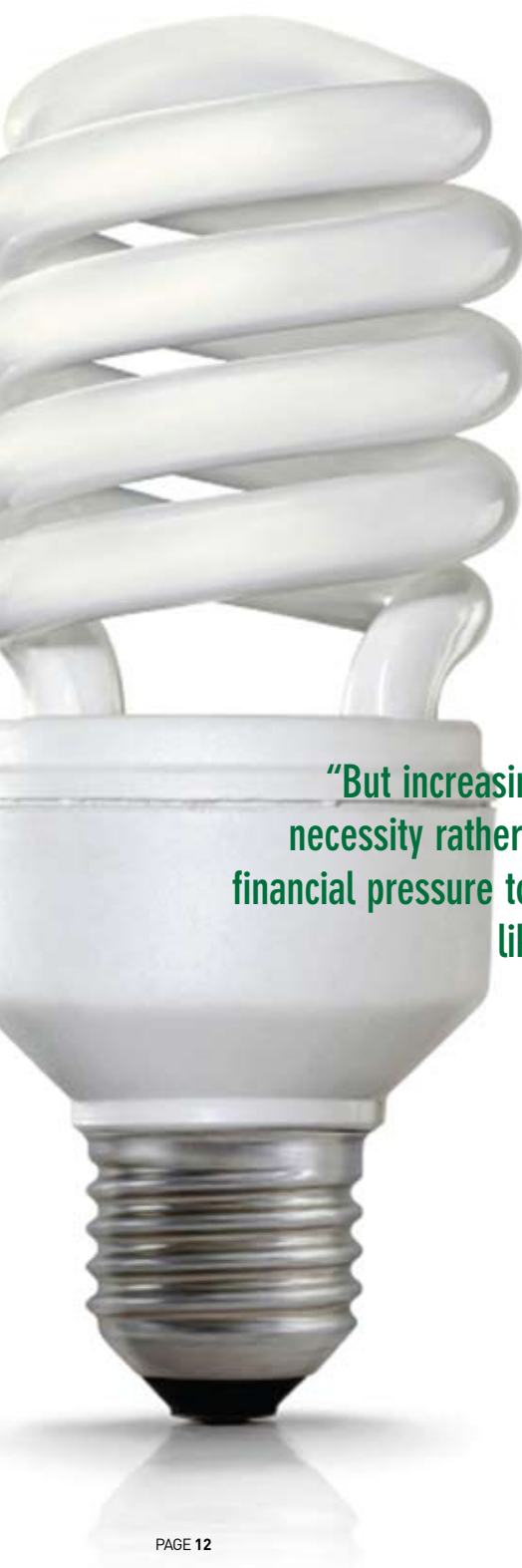
The workshop takes place from 8.00 – 9.00 am at the Enterprise Centre in Livingston.

To register call 01506 777400 or email bgateway@westlothian.gov.uk



KICK CARBON INTO TOUCH

The Carbon Trust is offering West Lothian businesses free help in low-carbon, energy-saving practices that should result in a cleaner, greener performance for companies both big and small.



The low-carbon objective is an issue facing organisations worldwide, as the battle to stem climate change takes an ever more prominent role within business practice.

But many firms struggle to take on what can be a complex challenge – not least when they traditionally rely on significant amounts of energy to power well-established production processes.

Running from January to March 2010, the Carbon Trust is funding work delivered by the Business Environment Partnership to coach West Lothian companies on the positive business benefits to be gained by cutting your energy bills.

In association with Business Gateway West Lothian, this special three-month programme of workshops is on offer, free of charge to a limited number of West Lothian companies

“But increasingly, going green is becoming a necessity rather than an option. Legislative and financial pressure to reduce energy consumption is likely to increase for businesses”

in the industrial and manufacturing sectors.

A launch event will be held in the last week of January, covering details of the workshops and how the project will be delivered. In addition, information on how to access the following free services will be provided:

- Site energy saving technical surveys
- Telephone advice from technical experts
- Interest free loans for energy

saving measures

- On line tools and guidance
- Guidance on other agencies that provide support to businesses, including the Energy Savings Trust and the Envirowise programme.

Set up in 1998, the Business Environment Partnership has a Scotland-wide remit to help businesses save money, run more efficiently and gain competitive advantage through the improved use of resources. Similarly, the Carbon Trust was established by the Government in 2001 to act independently in accelerating the move to a low-carbon economy.

But increasingly, going green is becoming a necessity rather than an option. Legislative and financial pressure to reduce energy consumption is likely to increase for businesses, following the Scottish Government's recent introduction of the carbon reduction Commitment, as well as the Climate Change Bill, which demands that CO₂ emissions should be reduced by 80% in 2050.

The good news for the business sector is that studies repeatedly show how a 20% cut in your energy costs can equate to a 5% increase in sales. Such bottom line benefits are particularly timely for companies trying to maintain a healthy performance during the economic downturn.



CONTACT

If you are interested in participating in this free workshop programme, please contact the Business Environment Partnership. Call Claire Parrott on 0845 129 4830 or 07971 617006. Email: Claire@thebep.org.uk

ALL POINTS

Should West Lothian businesses be looking to China in 2010 for real opportunities? A comprehensive survey is currently being conducted to establish our appetite for export to this superpower-in-waiting.

EAST?

It's a business truism to say China is a big market full of opportunity. And yet companies in West Lothian could be in a better position than ever in 2010 to take advantage of the export potential that this economic giant holds.

A combination of weak sterling and a global economy that is picking up means that UK goods and services are becoming more competitive overseas. Couple this with recent links forged between West Lothian and Tianjin Province, including the council's presence in Dongguan for the LivCom (International Livable Communities) Awards in 2008, and the opportunities start to look very favourable.

Gu Yuan, a university student majoring in Commercial English in South China, is in West Lothian on a six-month work experience placement, sharing her culture and language as well as helping to establish business links between China and Scotland.

She is currently drawing up an export survey to gauge local business involvement and appetite for doing business in China. This year, West Lothian Council's Business Gateway will be consulting further with companies through focus groups as to how it can best improve export support and help local firms deal with the issues arising from the survey.

For many, the success stories already speak for themselves, particularly in the high-tech, fashion and food and drink

sectors. Scotland's Global Connections 2007 series places food and drink as the country's number one export industry, likely due in no small part to the popularity of whisky overseas. And China is getting in on the act at a staggering rate, with whisky imports increasing exponentially each year, and the growing middle classes developing a taste for red meat, wine and dairy products.

The UK has become not only China's largest trading partner in the EU, but also Europe's largest investor in China. Indeed, China is both the UK's most important export market and its number one import source. That said, the total trade volume between the two countries is still relatively small, with great room for growth.

Scope for co-operation also exists between the two countries in the biological, environmental protection, low-carbon solution, new materials, energy, science and technology, and healthcare and the areas of trade in services. Recognising this fact, the British

“The UK has become not only China's largest trading partner in the EU, but also Europe's largest investor in China.”

Chamber of Commerce and the China Council for the Promotion of International Trade (CCPIT) are due to implement a 'Sino-British enterprise docking project' to promote business between the two countries in trade, investment, technology exchanges and multi-sector co-operation.

The Scottish Council for Development & Industry (SCDI) is fronting a trade mission to Shanghai and Hong Kong in March, followed by a Scottish Development International mission to Hong Kong and Shenzhen in April for the Chinese Medical Equipment Fair – positive signs that the market is open for business despite testing times back home. And as long as the appetite is there, more trade missions will follow.

As for West Lothian businesses, the export survey should encourage an understanding of the issues they face surrounding trade with China – a market that can be quite daunting compared to North America or Europe.

It is nevertheless clear that the economic conditions are currently just right for companies to exploit what the country has to offer. With results expected early in the year, it is hoped that the follow-up focus groups run by Business Gateway West Lothian will provide a platform from which local firms can take advantage of one of the most exciting places in the world to do business.

After what some economic pundits have described as the deepest recession since the 1930s, *Connections* looks at what the latest indicators tell us about how West Lothian is faring. Are there really green shoots of recovery in evidence?

Monitoring the recession is a difficult business, as the stats tend to highlight its negative impact. And of course, there is always a lag in the data that may not reflect the current position.

But look at the impact on the ground and West Lothian at least can show how businesses are continuing to locate and grow here, whilst large-scale capital projects – both private and public sector led – continue to generate job opportunities.

Both Scotland and the UK as a whole are still in recession, though the rate of decline has been slowing down. The OECD currently predicts that unemployment will continue to rise until the end of the year.

The number of unemployed in West Lothian increased rapidly during late 2008 and early 2009, but the rate of increase has slowed since February.

Nevertheless in the three months from August to October 2009, 3,547 new claimants joined the Job Seekers Allowance (JSA) register (compared with 2,129 for the same period in 2007). This increase is evident across all occupational classes but with larger increases in managerial, professional and skilled occupations, which demonstrates the wide impact of the recession. The latest JSA figure stands at 4,714.

West Lothian's unemployment rate is higher than that of both Scotland and Great Britain, but the gap between the rates has remained constant over the last nine months. These figures do not take account of recent school leavers or fully cover 16-17 year olds who do not usually receive JSA.

Youth unemployment is still a particular issue with an estimated 1,480 in the 18-24 year age now in receipt of JSA. In addition 228 16-year-olds and 258 17-year-olds are currently recorded as unemployed by Skills Development



TAKING STOCK

Scotland. Youth unemployment is therefore a major challenge and one that council, partners and employers need to tackle in a concerted and sustained way.

Anecdotally, local training providers report acute competition for available jobs, with young people in particular disadvantaged in that they need to compete with experienced and mature people for opportunities.

Intelligence from the business community is mixed. Some sectors, notably tourism, seem to be benefiting from more people staying at home or visiting Scotland. Construction and manufacturing and suppliers of construction products are struggling.

Business Gateway West Lothian has refocused on helping medium sized companies to safeguard jobs, diversify and exploit new markets. Nevertheless, firms receiving support do show medium to long-term growth potential, such as those highlighted elsewhere in this issue.

The business start-up service is particularly busy with higher levels of starts, a higher proportion of which are by people from professional and managerial backgrounds seeking to establish their own businesses.

Recovery in the West Lothian housing market is taking its time, however, the average house price increased between June and September 2009 by 11% to £154,396. There is also evidence that the severe decline in the rate of house completions has come to an end and the market is becoming more stable. Indeed, in the three months to October 2009, the number of house completions has exceeded that of the same period in 2008.

The letting rates of council-owned retail, office and industrial units have remained strong and healthy throughout the current recession. The picture for shop occupancy is less clear: some areas are increasing, whilst for others it is decreasing, but the changes are marginal. The council continues to work in partnership with a variety of trader, community and town centre management groups in order to promote vital development and investment.

Overall then, West Lothian is holding its own, with conditions generally close to the Scottish and UK average. Businesses and communities in the area are showing remarkable resilience – and even growth – in the face of what are still difficult conditions.

KEY ECONOMIC INDICATORS

	2001	2007	2008	2009	2016 (proj)	2021 (proj)	2026 (proj)	2031 (proj)	Source:
Population									
Population	159,000	167,800	169,510		181,499	188,747	195,764	202,114	GRO(S)
% of population aged 0 to 29	38.81	37.55	37.68		37.80	36.88	36.00	35.63	GRO(S)
% of population aged 30 to 49	32.33	31.44	30.90		26.63	25.06	25.38	26.13	GRO(S)
% of population aged 50+	28.99	31.01	31.42		35.50	38.10	38.56	38.20	GRO(S)
Labour market									
Resident Workforce (working age)	104,000	106,858							UK National Statistics
Total number of jobs	67,600	74,700							Annual Business Inquiry
% of jobs in service sector	68.3	75.2							UK National Statistics
Economic activity rate (%) - males (working age) (1)	88.5	87.2	86.2						Annual Population Survey/ Labour Force Survey
Economic activity rate (%) - females (working age) (1)	79.4	78.5	79.5						Annual Population Survey/ Labour Force Survey
Claimant unemployment (2)	3,015	2,324	2,425	4,714					UK National Statistics
Claimant unemployment rate (%)	3.0	2.2	2.3	4.4					UK National Statistics
Long term as % of all unemployment (3)	10.2	10.2	7.9	10.7					UK National Statistics
Education									
% population degree educated (working age)	23.4	29.4	30.7						Annual Population Survey/ Labour Force Survey
% population with no qualifications (working age)	16.0	12.3	10.4						Annual Population Survey/ Labour Force Survey
Output and Business Activity									
Average gross weekly earnings (pounds) (4)	356.0	405.0	421.4						Annual Survey of Hours and Earnings
Gross Domestic Product (£ million) (5)	1,658	1,914	1,922						Mackay Consultants
Number of businesses	4,410	4,450	4,405	4,545					West Lothian Council
VAT-registered businesses	2,965	3,630							BERR
New business start-ups		700	490	449					Committee of Scottish Clearing Banks
				(at end Qtr 3)					
Travel									
Inward commuting	22,491								Census 2001
- as % of workforce	31								Census 2001
Outward commuting	26,109								Census 2001
- as % of workforce	35								Census 2001
Edinburgh Airport passenger arrivals and departures (millions) (6)	6.04	9.04	9.00						Scottish Transport Statistics
Housing									
Households	65,062	71,351	72,248		80,430	85,560	90,470	94,950	GRO(S)
Owner-occupation (% of households)	62.0	70.0							Census 2001/SHS
Housing completions	1,366	768	449						West Lothian Council
Average house price (pounds)	69,055	173,329	174,310	154,396					ESPC (Scottish Gov't pre 2007)
				(Qtr 3)					

(1) Change in methodology between the two surveys between 2004 - 2005. Four-quarter average data for Apr - June.
 (2) Claimant unemployment and claimant unemployment rates as at July each year
 (3) Long-term unemployed are those who have been unemployed continuously for 12 months or more as at July each year.
 (4) Workplace earnings.
 (5) Estimates (constant 2006 values).
 (6) Projected to be 20 million in 2020 and 26 million in 2030

West Lothian Council produces a regular Key Economic Indicator update to help you understand the local economy. It reports on a range of indicators including local labour market trends, town centre occupancy and house price changes. If you would like to receive this update by email, please call 01506 777400 or email: enterprise@westlothian.gov.uk

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