Can Scottish Enterprise still make a difference?
Former chief throws down the gauntlet

Impacts of Brexit
Charting your way through shrouds of uncertainty

Commercial Law Review
Steering a course in choppy waters

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business insider

MAKING THE RIGHT CONNECTIONS

Jane Wood on BT Group's hidden contribution

GLOBAL WIN SET TO BOOST EVENTS SECTOR IN SCOTLAND

Vol 36 No.5 **Sept/Oct 2019** £4.00

PLUS IS HYDROGEN THE KEY TO A GREENER FUTURE FOR SCOTLAND?

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ACTION-PACKED ISSUE GIVES STRONG SENSE OF SCOTTISH BUSINESS RESILIENCE

Ken Symon's regular view on business

WILL THE two-month period covered by this issue of *Insider* actually see a definitive step forward on the question of the United Kingdom's departure from the European Union? Or will we still be singing the Brexit Blues, with no clear sense of an outcome heading well towards Christmas and the end of the calendar year?

Little did I think when I began writing in depth about the implications of Brexit for Scottish business three years ago that we would have moved forward so little. Given all this it is understandable that business leaders, particularly in smaller businesses, are tempted to turn off and stop thinking about.

But the sad fact is that we need to be prepared for Brexit and what it brings or as well as we can be with the level of uncertainty that still hangs over the whole sorry issue. In a feature looking at the impact of Brexit (page 31) I look at how some sectors stand to be affected and set out what businesses should be looking at to be as well prepared as possible.

The sad fact is that we need to be prepared for Brexit and what it brings or as well as we can be with the level of uncertainty that still hangs over the whole sorry issue

Set against this challenging backdrop it is vital for us all that the public purse gets the biggest possible 'bang for its buck' from its economic development agencies. In an exclusive interview (page 12) Jack Perry, the former chief executive of Scottish Enterprise, warns that the agency has been constrained by a much-reduced budget. Further he suggests that giving SE too wide a function may blunt its economic development edge.

This issue of *Insider* has a very significant amount of content focused on deals. Included with this issue is our Deals and Dealmakers Yearbook, which examines and analyses the transactions terrain for the 12 months to March 2019. While the number of deals may be down the value is an impressive figure, proving the strength of the Scottish dealmaking community and the ambition of many businesses striving to build a bigger and bigger footprint. We cover the second quarter of the current year in our regular Deals Quarterly feature (page 67). And in this issue we reveal the winners of our Deals and Dealmaking Awards (page 26).

We also publish our second Independent Schools supplement, making it only the second time in ten years that we have published two supplements with one issue of the magazine – an achievement worth mentioning in troubling times.

The shadow of those times very much hang over the farming community as Graeme Smith reports (page 57). Alongside the wider food and drink market, it stands to be one of the sectors likely to be most harshly affected particularly by a no deal Brexit. This is also one of the themes highlighted in our Taking The Pulse Round Table (page 100).

But the longer term prospects for food and drink and the strengths they offer are captured in a special report from Kenny Kemp looking at seafood in the Hebrides (page 45) and in a report on the Business of Whisky (page 51), the latter which as one interviewee highlights has delivered a truly massive contribution to the Scottish economy over the years.

We focus on two very different areas of the country in our Regional Reviews from Glasgow (page 93) and Highlands and Islands (page 107). The level of investment particularly by the financial services sector and the prospect of an exciting global conference for Scotland's biggest city, as we report in our review of hotels, conferences and events (page 85) underline how much years of work and investment have paid off.

In this issue we welcome a new regular writer in Michael Feeley, a savvy observer of Scotland's technology scene, with his first Tech Talk feature (page 120). It is the forerunner of a number of changes that will be introduced in the magazine in the months ahead to freshen up our content.

This is a packed issue that covers much of the breadth and depth of the Scottish business community. Reviewing it I can see many of the strengths and a sense of resilience, which will be much needed in the time ahead.

contact: editor@insider.co.uk

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business insider

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News and quotes compiled by **Ken Symon**

Barclays opens second Scottish Eagle Lab

BARCLAYS is opening its second Eagle Lab in Scotland to support north-east entrepreneurs.

The space in Aberdeen opens this month in the city's new ONE Tech Hub, part of the ONE Codebase incubator.

As one of Barclays' flagship Labs for Industry 4.0, it will help entrepreneurs build on and diversify from the area's natural strength in oil and gas, as well as unlock the potential of the Internet of Things, advanced manufacturing and robotics.

The Lab's Maker Space will feature facilities for digital fabrication, 3D printing and laser cutting, and a range of electronics equipment, allowing businesses to produce and test prototypes in a matter of hours rather than weeks.

An ecosystem manager will provide mentoring, create connections and share opportunities for businesses achieve their ambitions. A dedicated Eagle Lab engineer will also be available to offer technical expertise and advice.

Barclays' local business banking team in Aberdeen and 'high-growth' managers will also be available.

The facilities will complement ONE CodeBase's wider offering with access to hot desks, co-working spaces, offices, meeting rooms and social areas. ONE CodeBase is a partnership between private sector development body Opportunity North East (ONE) and the UK's leading tech incubator, CodeBase.

Sir Ian Wood (left), chairman, ONE and Steven Roberts, head of culture and transformation, Barclays UK

Stuart Brown, head of SME Scotland at Barclays said: "Aberdeen has a wealth of businesses and entrepreneurs with ambitions, ideas and deep technical expertise who need access to the right resources and advice to help them start up and scale up."

Logan Energy selected for SEAFUEL project

EDINBURGH-based clean energy business Logan Energy has been selected as the hydrogen technology partner for a €3.6m EU-funded SEAFUEL project which aims to show how renewable fuels can be used in transport.

The project is co-financed by the Interreg Atlantic Area Programme through the European Regional Development Fund, and aims to support green initiatives and promote international cooperation among 36 Atlantic regions across five European countries.

Logan Energy specialises in hydrogen technologies and has been tasked with designing and building a hydrogen generation and refuelling station for the project, which is based in Tenerife.

The station will use renewable resources – specifically solar-generated electricity – to convert seawater into hydrogen to use as fuel for local transport on the island. Other renewable resources such as wind and marine will also be considered.

The building of the station is currently underway at Logan Energy's Technology Centre in Wallyford in East Lothian and the firm will deploy the station in Tenerife when it is ready at the end of 2019.

The SEAFUEL project aims to pave the way for common renewable energy policies to promote clean and sustainable transport systems as well as providing a solution for remote islands such as Tenerife. Such islands face the specific challenges of expensive fuel imports and dependency on mainland transport infrastructure.

Logan Energy CEO Bill Ireland said: "This project is unique in that it examines the conversion of seawater into hydrogen with the specific purpose of being used as transport fuel."

See our Reimagining Scotland feature from p.62.

IN BRIEF

Community bodies eye land

MAJOR Scottish landowner Buccleuch is holding talks with community bodies that have expressed an interest in acquiring land in south-west Scotland.

The move follows Buccleuch's announcement in May that it intends to sell a substantial landholding including Langholm Moor.

The land for sale includes areas used for farming and farmland as well as an extensive moorland habitat.

It comprises 25,000 acres stretching from Auchenrivock in the south to Hartsgarth in the north.

£4.5m training funding for construction

THE SCOTTISH construction sector is to receive a £5.4m funding injection for training and retraining more skilled workers to help the industry face the challenges of the future.

The money will be invested in three hubs through a programme called Onsite Experience with a brief to expand opportunities for employment through onsite experience in mostly rural areas.

The investment will build on the experience of the Construction Skills Fund in England, and represents an historic investment in training a site-ready workforce for construction employers.

CITB's Construction Skills Network report shows that construction requires 168,500 skilled people to enter the industry over the next five years, including 13,950 in Scotland, where the sector is forecast to grow by 0.5 per cent.

Over the next three years, the Onsite Experience Commission will aim to help the construction industry tackle the skills gap by providing 18,000 site-ready workers and help it to grow more of its own workforce.


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New 16.1 acre plot of land sold at Shawfair

DEVELOPERS behind the new Midlothian town of Shawfair have concluded the sale of a 16.1-acre plot of land to Stewart Milne Homes.

The site next to Danderhall, east of Edinburgh, will take the number of new homes to more than 1000, subject to planning consent.

Shawfair – a joint venture between Buccleuch Property and Mactaggart & Mickel – will have 4,000 homes, schools, retail, business, leisure and community facilities, built around a town centre with a railway station.

Danderhall, Shawfair and Woolmet Park will be connected by a new road, foot and cycle path, with a lake, new woodland and meadow grassland nearby.

Artist's impression of what Shawfair town centre could look like

Midlothian Council plans to create a low-cost local heating network for Shawfair town centre using energy produced by the nearby Millerhill Energy from Waste plant.

Bellway, Dandara, Mactaggart & Mickel, Miller Homes and Places for People are also building at Shawfair, where around 200 homes are already complete.

Law firm to service Faculty of Advocates

EDINBURGH-headquartered law firm Balfour + Manson has won a tender process to provide legal services to the Faculty of Advocates – the first new appointment to the role for many decades.

The Faculty, which represents those who appear in Scotland's highest courts, tendered for the external advices in areas including employment, property, charity governance, data protection and professional regulation.

It also required the successful tender to comply with the ten Equality Standards published by the Law Society of Scotland and confirmation that the successful firm would sign up for the Faculty's Fair Instruction Policy.

Above: Elaine Motion, executive chair, Balfour +Manson

Elaine Motion, executive chairman of Balfour+Manson, said: "This is tremendous news and a real honour for the firm. We instruct members of Faculty regularly and have had a close and productive working relationship with both individual members and the Faculty as a whole."

QUOTE UNQUOTE

"Long-term confidence is tempered by waking up in the middle of the night in a cold sweat"

James Withers, chief executive of Scotland Food and Drink on a no deal Brexit

Book Review

Title: *Agile Strategy: How to create a strategy ready for anything*
Writer: Ralph Fernando
Publisher: Pearson Books
Price: £19.99

THIS IS a book for those who feel that their business strategy is just not keeping up with the current frenetic pace of change.

It highlights the fact that more than a quarter (28 per cent) of strategic initiatives fail to meet their original goals with insufficient agility highlighted as a key cause.

Ralph Fernando's prescription to help transform a business's commercial performance follows a framework of RADAR – Research, Analysis, Design, Action and Results.

It is an involved read but I suspect having done so many business leaders will use it in practice and keep dipping back into it.

Rating out of five: ★★★★

IN BRIEF

Pizza maker to create 15 jobs

A GLASGOW-based pizza business is to create 15 jobs as it expands and upgrades its production facility following a Regional Selective Assistance grant from Scottish Enterprise.

The Victor Pizza Company supplies products to the wholesale market. It is understood to be the only pizza manufacturer to use seaweed in a range of bases in a bid to provide a healthy, balanced alternative to traditional dough.

The expansion includes plans to supply healthy bases and topped pizzas to schools, colleges and restaurants.

Permanent job numbers fall

PERMANENT job numbers fell in July for the first time in two-and-a-half years, according to the Royal Bank of Scotland Report on Jobs.

The research showed signs that firms are looking at short-term staff to fulfil roles, as temp billings returned to growth.

Demand for temporary staff grew sharply in July, contrasting with the joint slowest rise in permanent job vacancies since August 2016.

Meanwhile, both temporary and permanent candidate availability continued to deteriorate, leading to a further marked rise in pay pressures.

Scotland has outperformed relative to the UK overall so far this year, but the trends between the two converged in July, as the fall in Scotland matched that seen for the UK as a whole.

However, Scottish recruiters showed an increased drive towards short-term staff, with strong temp billings growth registered. This was a stark contrast to June, where temp staff billings decreased.

Correction

We would like to apologise to e.on for running the wrong artwork within the July/August issue of *Scottish Business Insider*.

IS SCOTTISH ENTERPRISE CHASING POLITICAL RATHER THAN ECONOMIC GOALS?

JACK Perry, the former chief executive of Scottish Enterprise, believes that the economic development agency's new strategy is now based on political rather than economic goals. He also fears that it doesn't have a big enough budget to make a real difference. He says: "I am very concerned about the budget overall which has fallen very substantially in real terms, at a time when the economy is underperforming and growth has consistently lagged behind the rest of the UK."

He was speaking in response to Scottish Enterprise's recent launch of its new strategy *Building Scotland's Future Today*, launched together with its fellow agency Highlands and Islands Enterprise and which focuses on enhancing collaboration through regional partnerships.

Perry who ran the agency for six years in the early 2000s says that he is not trying to turn back the clock but wonders whether the country's economic development drive has lost its sharp focus. "Any economic strategy has to change because the world changes. It's not necessarily that things were any better or worse it's just that some fundamental lessons were learned in the past. And there is a grave danger of them having to be relearned again."

One of the issues he has with the new strategy is to do with ambition. "It does concern me greatly, when you look at one of their targets in their new plan, that it is for jobs that pay the living wage, whereas the targets, for a very long time before that, were for jobs that paid at least 20 per cent more than the average wages in Scotland.

"To me there was a disconnect between the stated aim, to produce quality jobs and the targets for jobs that pay the living wage, which strikes me as the kind of bottom of the scale.

"I would like to see high value jobs being the real target, particularly in a knowledge-based economy. That sounds like the quality jobs the strategy aspires to."

Perry highlights what he sees as another of the key changes in the current approach to economic development in Scotland from what was the case in the past. "Another thing that concerns me is the disconnect between the Scottish Government's own *Growth Commission* report led by Andrew Wilson and the SE strategy which very much downgrades the key industries focus. "They're now talking tens of thousands of businesses that they will interact with. The point about key industries was that, if you are going to have to make choices when you are placing bets, it's got to be in industries where you have genuine competitive advantage."

He says that the approach has moved towards "we're going to work with any business that comes to us. They're also talking about trying to identify high-risk businesses earlier but there are a huge number of zombie companies out there, who are very much at risk but which cannot and should not be saved. This creative destruction is political strychnine but economically essential. An independent, hard-nosed economic agency should be able to make these tough decisions.

"A key industry approach makes you very unpopular with lots of people. There are lots of people around who will say 'I came to Scottish Enterprise for help but didn't get it. Scottish Enterprise is rubbish'. But you've got to make choices based on where you think Scotland will be able to make its living in future."

He highlights his belief that the need for a clearer, sharper focus is underlined in a time when the economic development budget is much tighter. "If you have a very finite Scottish Enterprise budget – next year it's going to be £340m, in the context of about £70bn of total public spending in Scotland, and the Scottish Investment Bank, which has now been hived off, £200m a year.

"SME debt that needs to be rolled over and renewed on an annual basis is about £6bn. So unless you can lever up very substantial amounts

To me there was a disconnect between the stated aim, to produce quality jobs and the targets for jobs that pay the living wage

IN FOCUS: Jack Perry CV

JACK Perry is currently an independent non-executive director and advisor to a number of companies. He was chief executive of Scottish Enterprise, Scotland's main economic development agency for six years until November 2009.

Prior to that, until December 2003, he was the managing partner of Ernst & Young in Glasgow. He was chairman of the Confederation of British Industry (CBI) Scotland from 2001 to 2003.

He is currently chairman of European Assets Trust, chairman of ICG-Longbow UK Senior Secured Property Debt Investments Ltd and a director of the Witan Investment Trust plc.

of private sector cash for every public pound, can you really make a difference at this kind of level?

"If you don't focus on companies that are in sectors in which Scotland genuinely has an advantage and have good quality management, ambitious yet realistic business plans and decent business models which can attract private sector investment then you're just going to disperse your money and have nothing to show for it. That's what really concerns me.

"Your choice as far as I saw it was that you can either co-invest alongside the ones that have the highest potential realistically, right at that top end, a small number of companies. Or you can spend all your money in little amounts trying to shift the median performance of all companies just a fraction. Split it into £100 for every company in Scotland and will that result in economic growth? – no it won't."

In a view that will prove controversial, Perry suggests that this is politically-driven. "They want fewer constituents in their surgeries saying 'I went to Scottish Enterprise and didn't get money."

He argues: "When you start getting this focus that everybody is now a customer, where everybody has a legitimate claim to support from Scottish Enterprise then you're just creating the conditions for more disappointment in future.

"They're now talking about a focus on communities, all laudable things

They want fewer constituents in their surgeries saying "I went to Scottish Enterprise and didn't get money"

but is that a good investment for the very limited resources of your economic development agency? Should that be where your focus is?"

Underlining his point about relearning the lessons of the past, Perry cites an example from his time as chief executive when Scottish Enterprise had much more devolved power to the local enterprise companies.

"There was one local enterprise company that spent a quarter of a million quid supporting their council's healthy eating campaign – it was within their delegated authority. I saw it after the fact and thought 'what the hell's this?'."

Perry raised the issue with them and says now: "They looked at me like I had two heads and said 'healthier eating means healthier people, means less absenteeism which means greater productivity which is economic development. What's your problem?' I said why don't we run the health service, why don't we run the schools, everything's economic development if you put it through so many iterations.

"That would be a further worry if you are starting to get into community projects, just where do you start drawing the line? What is the role of an economic development agency? Healthy eating is a perfectly reasonable programme for the health service or community services but for an economic development agency?"

One of the other issues that Jack Perry highlighted has now been tackled. He pointed out that the Scottish Enterprise board had been left without a chair, a high profile, and experienced, business 'big hitter'. In point of fact the vacancy for chair ran for seven months from when Bob Keiller, the former Wood Group chief executive, stood down in December 2018 to the appointment of Lord Robert Smith's taking up the post on 1 August.

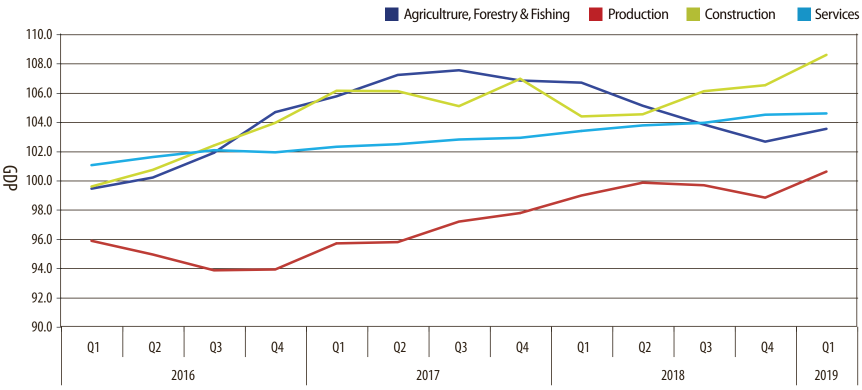
"It's important for Scottish Enterprise to assert its independence because the risk is if you don't, then there is a danger that you end up chasing political rather than economic goals. There may be things that are politically expedient but might not fit the economic strategy at all.

"It would make a big difference if you got someone of very high calibre who really understands private sector business, has that track record, and yet also knows how to get stuff done in the public sector. Someone with real vision and bold aspiration who is also completely independent but has the ear of government so that when they talk, government actually listens." Jack Perry says that in Robert Smith, the Scottish Enterprise board has got just such a person. ■

Above: Jack Perry is concerend about the shrinking Scottish Enterprise budget

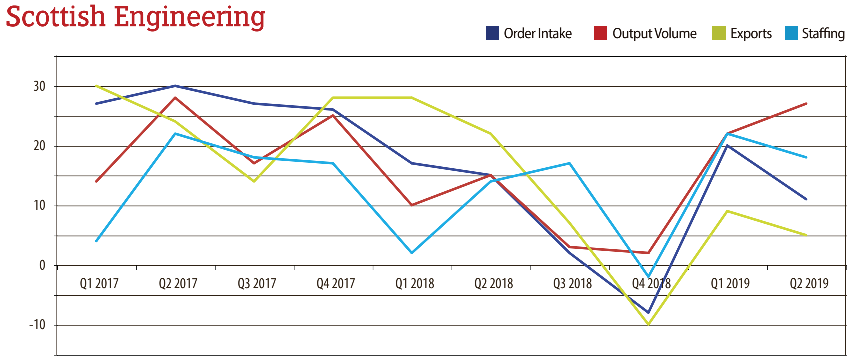
Business statistics in Scotland compiled by **Steven Wilson**

Scottish GDP



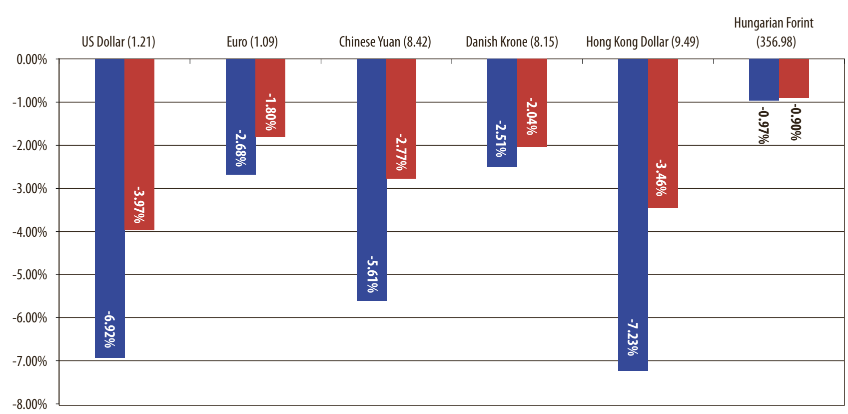
The Scottish economy grew between January and March this year despite uncertainty around the UK's expected departure from the EU, according to official figures. The new statistics show GDP in the country grew at the same rate as that of the UK (+0.5%) over the period. It represents the ninth consecutive quarter of growth for the Scottish economy. When compared to the same period for last year, Scottish GDP grew by 1.4% – behind that of UK GDP, which grew by 1.8%. Analysis suggests growth in the quarter was driven by the manufacturing and construction sectors, which grew by 2.6% and 2% respectively. *Source: Scottish Government*

Scottish Engineering



Order intake in Scotland's engineering sector has dipped after a more positive increase last quarter, according to the latest review by Scottish Engineering, the support group for the industry. Output volume has continued to increase though, with near two-year record highs in that area. In fact, output volume volume has remained in the positve since Q3 of 2018. Export levels remain positive but have slowed since last quarter while staffing levels still show a positive intention, albeit at a lower level than the prior quarter. Forecasts for the next three months are less positive than last quarter. In general, export orders and output volume are forecast to pick up slightly, but UK orders are forecast to dip. *Source: Scottish Engineering*

EXCHANGE RATES VS GBP – % Change



This month's exchange rates (seen in brackets above) recorded on 2 August, 2019

IN FOCUS

Top companies in Glasgow postcode area

Ranked by employees

Name	*Employees*
Weir Group PLC	14,092
City Refrigeration Holdings (UK) Ltd	11,992
Arnold Clark Automobiles Ltd	11,427
Clydesdale Bank Plc	6,818
Aggreko Plc	6,090
Scottish Power Ltd	6,066
Farmfoods Ltd	3,953
Cordia Services LLP	3,908
Edrington	2,255
Devro Plc	2,178

698

The number of businesses entering administration, receivership and liquidation in the first half of 2019

Scottish Football net worth

Name	*Net Worth*
Celtic	£51,971,000
Rangers	£19,611,000
Hibernian	£19,352,619
Aberdeen	£13,850,000
Kilmarnock	£8,632,381
Heart of Midlothian	£14,397,000
St Mirren	£9,511,477
Motherwell	£4,561,489
St Johnstone	£2,484,985
Hamilton Academical	£1,076,477
Livingston	-£883,032
Ross County	£4,058,758

The total net worth of the Scottish Premiership has increased by just under eight per cent over the past 12 months. The rise was aided by the promotion to the top flight of Ross County who came in with a net value of £4.058m. The Highland club's inclusion in place of Dundee – who came in with a negative figure last year – resulted in a £5.65m rise in the overall value and meant that just the one club – Livingston – had a net worth in the red. Motherwell were the pick of the rise from last year, with their worth inceasing 62.5% to £4.56m. Rangers remain one of the big fallers with their value dropping below £20m, although the Ibrox club still come in second in the ranking behind Celtic. Of the 11 clubs who remained in the division from last year, six saw their value decrease.

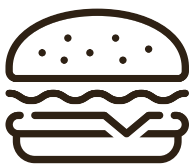
Net worth figures sourced from Experian.

IN FOCUS

The economy

UK	2018	2019	2020 Forecast
Consumer spending	1.8%	1.5%	1.2%
Investment	0.2%	1.6%	1.1%
Unemployment	4.1%	3.9%	3.9%
Inflation vs int. rate	2.5%	1.8%	1.9%

Scotland's economy is facing a widespread slowdown across most sectors, on the back of continued Brexit uncertainty and global headwinds, new research has warned. KPMG UK's quarterly economic outlook indicates weak growth ahead for the remainder of the year, driven primarily by depressed business investment as companies continue to delay spending because of a lack of clarity over Brexit. It said the latest purchasing managers' index (PMI) for Scotland, which provides a measure of future economic direction, dropped from 51% in April, to 48.9% in May. It explained that values above 50% indicate expansion and growth, suggesting Scottish business leaders are resisting investment and pausing for any outcome in ongoing political negotiations. *Source: KPMG*



£233m

The value of McDonald's to the Scottish economy

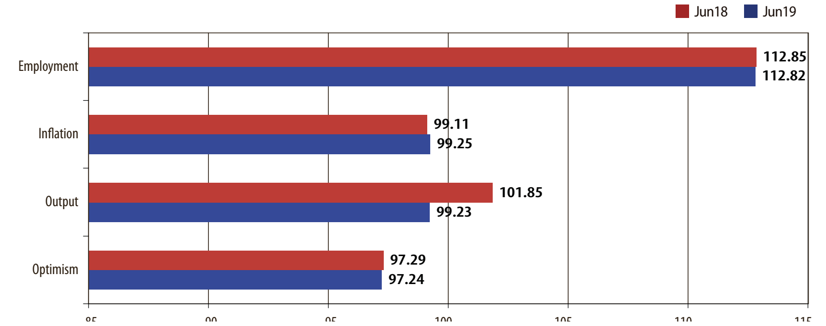
Modern Apprenticeships

Starts by age

Age	2016/ 2017	2017/ 2018	2018/ 2019
16-19	12665	12009	11720
20-24	7182	6998	6710
25+	6415	8138	8840

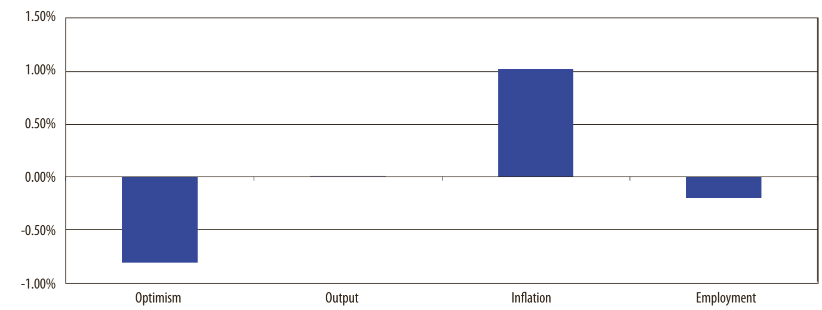
In 2018/19, the number of starts aged 16-19 and 20-24 decreased compared to 2017/18 (-289 starts, -2.4% and -288 starts, -4.1% respectively). The number of starts aged 25+ increased this year in comparison with 2017/18 (+702 starts, 8.6% increase). In line with policy priority, the majority of MA starts (68%) were aged 16-24. The proportion of MA starts aged 16-24 decreased by -2.4 % compared to 2017/18. The decrease in MA starts from younger age groups may be in part due to the decline in the 16-19 year old population over recent years. Mid-year population estimates show a reduction in 16-19 year olds of 10.3% between 2012 and 2018. Similarly, the number of MA starts aged 16-19 has decreased by 8% between 2012/13 and 2018/19. *Source: Skills Development Scotland*

BUSINESS OUTPUT - JUNE 2019

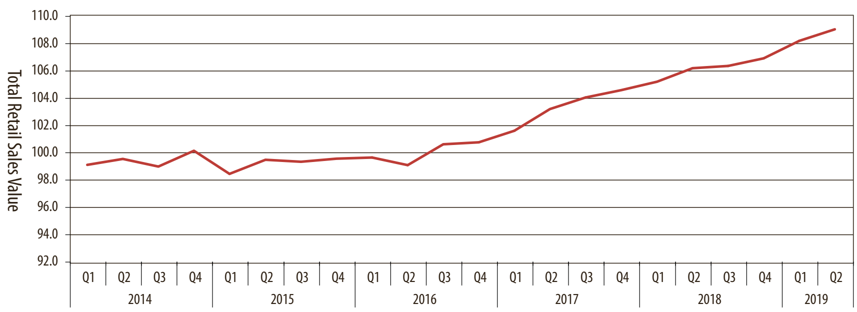


The outlook for UK employment has fallen for the second consecutive month after years of sustained growth, according to a new report from accountants and business advisors BDO LLP. BDO's Employment Index fell to 112.82 points in June, a decline of 2.29 points from January and the lowest it has been in more than a year. The current economic slowdown is expected to halt gains in UK employment prospects, which had seen near uninterrupted growth since the global financial crisis until beginning to fall earlier this year. *Source: BDO*

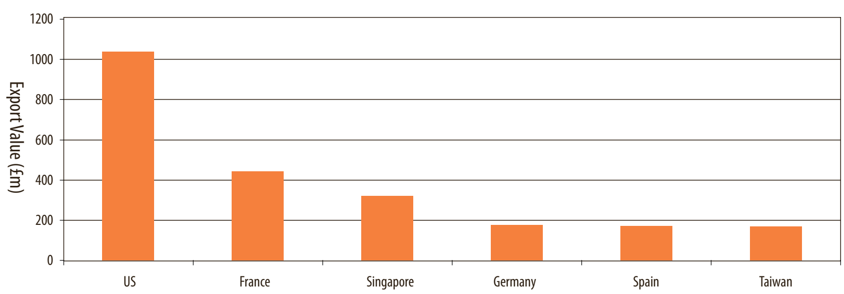
% Change in business output this month



Retail Sales Index



Scotch Whisky Exports



Official figures from HM Revenue and Customs (HMRC) have revealed a strong year for Scotch whisky exports in 2018, with global growth by both value and volume. In 2018, the export value of Scotch whisky grew +7.8% by value, to a record £4.70bn. The number of 70cl bottles exported also reached record levels growing to the equivalent of 1.28 billion bottles, up +3.6%. The United States became the first billion pound export market for Scotch whisky, growing to £1.04bn last year. Blended Scotch whisky underlined its position as the bedrock of the industry with global exports of £3.04bn. *Source: HMRC*

Insider's regular focus on Scotland's creative sector by **Ken Symon**

IN BRIEF

MG Alba stands up for Gaelic

An urgent review of Gaelic broadcasting in Scotland is needed so that viewers do not have a "second class service."

That was the call from MG Alba, the organisation that operates Scotland's Gaelic language channel in partnership with the BBC. It calls on Ofcom, the BBC, the Scottish Government and the UK Government to engage in a dialogue to reach a new settlement for Gaelic broadcasting.

Allan MacDonald

Currently it says that BBC Alba is severely challenged by a 75 per cent repeat rate while 50 per cent is the expected limit for BBC Scotland – and the channel is only available in Standard Definition (SD) not High Definition (HD).

Writing in MG Alba's 2018-19 Annual Report Allan MacDonald, the chair of MG Alba, says: "There is no acceptable basis for Gaelic speaking viewers to have a second class service."

He urges the BBC to ensure that BBC Alba has the same opportunity and quality of provision as the recently launched BBC Scotland channel and the other minority language channels in the UK. In 2017, the BBC publicly announced up to 100 hours of additional programmes per year for BBC Alba coming in the wake of the new BBC Scotland channel investment.

MacDonald is seeking assurances on the delivery of this ambition: "We will encourage the BBC to be open and transparent about the principles and protocol on which it bases its allocation of resources to Gaelic broadcasting, and how it ensures parity of approach between the indigenous minority languages which are part of its overall cultural responsibility across the UK."

danceSing aims to see business perform across UK

NATALIE Garry (pictured front right), a former ballet dancer and fitness professional has created a growing business where classes sing and dance together.

In three years the danceSing business already had 13 classes with around 200 attendees across the Central Belt in Scotland with a class planned to be opened in Aberdeen at the end of August and further expansion south of the border planned over the next few months.

Garry explains where the idea of danceSing came from: "When my youngest went to school I decided to join a choir which I loved and I also saw how much good it was doing everybody.

"I was also aware that they were spending a lot of time doing singing but they weren't moving physically.

"I looked at them as a group and thought I could do a lot with you to really benefit your health not just the uplifting effects you get from singing but, I thought, let's get these people moving."

Garry combined the two elements into a class – a 45 minute choir session and then a dance/fitness part of the class lasting the same amount of time.

The danceSing classes have really taken off among the over 40s but, as the business expands, it is also going into schools to work with pupils who are studying for their exams and who, she says, have seen a huge benefit.

The main clientele is female but Garry says: "It's open to everybody and if I was a man I would be getting along there because there are a lot of wonderful women who I certainly would be hanging out with."

Natalie Garry teaches four classes herself and employs a team to teach the others which include former professionals who have performed on West End stages and one of Scotland's Three Tenors singing group. The teachers play piano as they lead the choir singing different genres of music including rock, pop, classical, gospel and musical theatre.

The danceSing experience can involve performing on stage in front of an audience if the attendee wants to

She says: "People don't need to be able to read music we just give them a lyric sheet and through our website they can get the harmony parts – we do two and three part harmony singing – and they can listen to the part at home. People learn by ear so it means that everybody can do it – there's no audition, everybody is welcome. You need to have a bit of enthusiasm and want to give it a go."

Other extensions of the original concept include adding choir-only sessions. "As people maybe get injured or just drop out they maybe just want to do a choir session so we do have these Big Sing Choirs which have nights where people sing and we've added in Strength and Stretch Pilates classes. We've also got a men only class which is proving very popular out in Dunblane."

The danceSing experience can involve performing on stage in front of an audience if the individual attendee wants to. "We absolutely do. It's purely optional. Some people just come along and enjoy the classes.

"But we've done some amazing things in the company's three short years. We've just performed with an orchestra called the Scottish Pops Orchestra which is a professional 40-piece orchestra run by a guy called Dave Christie. We collaborated together and we've just put on a show at the Alhambra Theatre and it was amazing – we had 60 danceSingers taking part."

Natalie Garry sums up where she wants to take the business: "My aim from the beginning was to take it across the UK – that was the vision. I didn't come into and say 'I'll see how it goes'.

"I am growing it organically but my vision has always to take it across the whole of the UK. I am passionate about people's wellbeing and through singing and dancing and moving I can really benefit people holistically on multi levels: mentally as well as physically as well as the social element which are all so important as we age." ■

CREATIVE VIEW: Lisa Gray

How I achieved my ambition to have a novel published

THEY SAY everyone has a book in them. It's getting it out of you that's the tricky bit. Like a lot of journalists, I'd long harboured a desire to pen a novel, specifically a crime thriller, which is the genre I like to read.

I started attending crime writing festivals, such as the Theakston Old Peculier Crime Writing Festival in Harrogate and Bloody Scotland in Stirling. I got to rub shoulders with the likes of Lee Child and Ian Rankin and I vowed I would write a book of my own so that I could one day be part of the crime writing community. I already had the germ of an idea.

Even though my background was in sports journalism – and now as a commercial writer with Reach Plc – I've always found real life headlines to be a great source of inspiration for fictional plots. And I was fascinated by children who apparently vanish without a trace – are they living a completely normal life somewhere totally oblivious to the fact that people have been searching for them for years?

I knew I wanted to write a series and I knew I wanted that series to be set in the US. So I came up with a feisty but flawed private investigator who realises her whole life has been a lie when she discovers she was kidnapped as a toddler 25 years ago, and then sets off to Los Angeles to investigate her own disappearance. From there, my main character, Jessica Shaw, was born.

After a few false starts, I started writing what would become my debut novel, *Thin Air*, in late 2016. By the following July, I had a complete first draft of 80,000 words. Patience is a virtue I do not possess so I decided to ignore the advice of other authors to put the manuscript in a drawer for a few months before reading it again with fresh eyes to make sure it was up to scratch.

Instead, I immediately submitted to a handful of literary agents – and quickly received a handful of rejections, as well as a couple of non responses. Dejected, I thought about writing a book set in my native Scotland and put my LA thriller to the back of my mind.

A couple of months later, I'd scrapped the idea of a Scottish crime novel and then I DID take a look at *Thin Air* with fresh eyes. This time, I could see everything that was wrong with it and what needed to be fixed.

I redrafted the whole manuscript

Author Lisa Gray

then, rather than submit to agents, I sent it to three trusted readers – two authors and a book blogger – for their honest feedback. The response was very positive. One of the authors recommended it to her agent.

The agent had been on my initial list and (thankfully!) hadn't had a chance to read that early draft. Now, he wanted to see the new version and a nerve wracking wait over Christmas and New Year followed before he offered representation in February 2018.

After making some changes at my new agent's suggestion, we went out on submission to publishers.

The weeks that followed were among the most tense and exciting that I've ever experienced as we waited to see if anyone wanted to publish my book. My phone battery was drained every day from refreshing my emails so much. Then, just after the Easter break, we had the news we were waiting for: Thomas & Mercer, the thriller and mystery imprint of Amazon Publishing, had made an offer for a two-book deal.

My book was going to be published! The next 12 months were a whirlwind of edits and frantically writing the second book in the series, Bad Memory, while holding down the day job. I found out Thin Air had been selected for Amazon First Reads – a pre-publication promo – in the UK, US and Australia.

Finally, on 1 May this year, *Thin Air* went out into the world. After so many years of wanting people to read my book, knowing that this was now a reality was terrifying! Thankfully, the reaction has been great so far.

Thin Air hit the #1 spot in the Kindle Store in both the UK and America, as well as making the Washington Post and Wall Street Journal bestseller lists. It sold more than 50,000 copies in the first two months.

I always knew I had a book in me. It was just a case of writing it, instead of talking about writing it. ■

Lisa Gray is the author of Thin Air (out now) and Bad Memory (out October 24)

ON THE MOVE

Orbit Communications, the Edinburgh-based agency, has recruited a new creative director, **Andrew White,** and three other members of staff. They are **Anwen Dobson** (account manager), **Ariadna Roca Beroy** (account executive) and **Laura Burton** (junior designer).

Samantha Leckie has been promoted to the role of assistant editor of **The Press and Journal** and **Evening Express.** She moves to the Aberdeen Journals role from her previous position as head of features across the Evening Telegraph and Evening Express.

Pagoda, the Scottish public affairs agency has appointed **Colin McFarlane** as a director.


Abigail Donaldson

Speyside-based PR agency **Spey** has hired **Abigail Donaldson** as a senior associate. She was formerly a global PR executive for Barbour.

Gregor Hollerin has been promoted to head of business development at the **Big Partnership,** the Glasgow-headquartered PR agency.

JP Media has promoted **Paul Wilson** to the role of news editor of **The Scotsman and Scotland on Sunday.**

Shaun Millne has been promoted to the role of assistant editor at **Newsquest** working across The Herald and heraldscotland.com.

Valerie Darroch has joined **Second City Creative,** the Glasgow-based communications consultancy, as a director. Second City specialises in content marketing and media training.

Paul Malik has joined **The Courier** as political editor, transferring from his deputy news editor role at the Evening Telegraph.

in association with CMS Law . Tax

The **burning question**

Q Is Scotland providing the right platform to encourage successful globally focused start-up businesses?

MAYBE

Robin Knox,
co-founder
Boundary

While there is a lot of positive start-up activity happening in Scotland, I believe we could do better. Funding support is often hard to come by. The Princes Trust and Scottish Enterprise are valuable sources but their loans can be limited and applications are often tricky and time-consuming.

However, there are some great funding alternatives available to startups, including Seed Haus, which invests in founders in the earliest stages, guiding them towards traction and investors.

YES

Graeme Bruce
partner
CMS

Scotland has greatly improved its support for entrepreneurs from incubators and accelerators through to more bespoke networking and support bodies including Startup Grind, an initiative we are proud to be sponsoring, and our own EquIP programme which helps intellectual property-rich businesses scale up and maximise their full potential. Early stage funding from extensive networks of angel investors, supportive funders such as Scottish Enterprise, BGF and Scottish Edge are strong in Scotland.

YES

Steve Coates
Co-founder and CEO
Brainnwave

In the Scottish tech sector I think there is a solid ecosystem. Easily accessible, annual events such as DataFest and Turing Fest help to support tech start-ups, whilst enabling them to network with global brands. Scottish Enterprise also helps start-ups in this sector as well as facilitating funding to help them grow internationally. Part of our reason for relocating to Edinburgh was in recognition of the opportunity and support that our business would receive as we continue to grow our international offering and reputation.

MAYBE

Gavin Tweedie
CEO
GSI

There is no denying that Scotland is incubating some of the brightest businesses in the UK. However, with the economic landscape as unpredictable as it is, it's vital that no individual company rests on their laurels.

Instead, we must come together as a community to strengthen our offerings through collaboration and partnership. Rather than reinventing the wheel in isolation, businesses could develop a broader expertise and extend their product offering to clients.

YES

Rachael Brown,
convenor
Scotland Can Do

Scotland is a welcoming and nurturing environment for entrepreneurs. At Scotland CAN DO, we are on a mission to help build a truly entrepreneurial and innovative society with wider benefits for all. What is key to this? Collaboration.

We are focused on working with others to achieve our goals. As an entrepreneurially-minded country, the increased levels of collaboration between the private and public sectors and academia is incredibly encouraging for our shared vision, both domestically and globally.

YES

Gerald McLaughlin
corporate finance partner
Wylie & Bisset

With recent global successes in Skyscanner, Brewdog, Fanduel, FreeAgent, and last year's £8.5m series A funding round for Care Sourcer, Scotland must be doing something right for aspirational start-up businesses.

A healthy angel and seed funding community continues to provide financial support, whilst the Scottish Start-up Summit in Edinburgh is in its eighth year and growing itself. In 2019, Scotland's first Innovation District was launched in Glasgow, which is expected to facilitate continued growth.

If you would like to contribute to the Burning Question or suggest topics please email editor@insider.co.uk


You know
your business.
But we could be the
missing piece that takes
it to the next level.
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UNSEEN CONTRIBUTIONS HELP BT TO ACHIEVE A WIDER ECONOMIC AND SOCIAL ROLE

By KEN SYMON

JANE WOOD, the UK nations and regions director of BT Group, admits that it has a lot to do to serve its customers better and to communicate the vast range of what the business now does. "If you summarise it I would imagine that there are a lot of people who think BT is part of society, of broader UK but they maybe feel as a customer we haven't served them as well as we could.

"I don't think enough people see us as innovative, I don't think we've told enough story around our innovation. We are absolutely committed to, if you like, export the application of technology in different arenas – that's very important. What the customer sees is very different from the reality but I guess that's the same with many corporates."

Wood, who retains the hint of a West Country accent despite her 20 years working in Scotland, has been in the leading BT corporate affairs role for six months at the time of our interview. It is a role that brings her into contact with policy and policymakers in a whole range of areas from planning for the dealing with its masts and other infrastructure, education through upskilling for digital technologies to those concerned with online harm.

"We work with so many different policymakers and influencers," she says, "not least the regulator. Our relationships with Ofcom are good, we're working well with Ofcom now. My team is based across the UK, working in the policy and public affairs part of BT. We've got access to so much internal knowledge that we can help people understand the range of what BT does."

She says that while "we might not be doing brilliantly with connectivity in an area" there is a range of other contributions that BT is making like its work with schools through its Barefoot Computing programme. "Across the UK we've trained 70,000 teachers and that has enabled two million children to get a head start on computational skills." She highlights this because she says it shows the often unseen contribution that the group makes but also because it highlights the importance of partnerships for corporates like BT to achieve a wider economic and social role.

> **If you summarise it I would imagine that there are a lot of people who think BT is part of society, of broader UK but they maybe feel as a customer we haven't served them as well as we could**

"I think I say it to everybody I meet: what people don't know about BT is as exciting as what they do know. I started around the same time as our chief executive Philip Jansen so it's been really exciting looking at his aspirations for the business and sitting in group corporate affairs asking how we can support his aspirations.

"He will say himself that in terms of customer service, there are probably a lot of our customers that we feel we could do better and we know we need to do better. And Philip spent his first 100 days as a chief executive actually doing nothing external, going round and talking to our people because he knows, and I completely agree, that it is the people that will be able to help us with the customers because they interface with the customers all the time. He is looking to use more of that energy and commitment from our employees to helps us understand what our customer looks like and what our customer needs."

A key part of Jane Wood's job as UK nations and regions director is, she says, having a system in place to deal with complaints and make sure they are properly and quickly handled but also communicating with policymakers, politicians and government. "We have a team across the UK, including Northern Ireland, where we are working first to ensure that the policies in the nations and regions are favourable to us, are favourable to our ambitions for our business and the communities we serve."

She took up the post after a career ▶

that has seen her work in key roles including with another major brand in Boots, working for Prince Charles' Business In the Community for ten years, a job that she says led to her working with big corporates and SMEs across the UK looking at what their impact in society was.

Her career has developed in public affairs liaising directly with the world of government and politics. Wood says she first worked in the property sector and had never been particularly interested in politics. "My family weren't political debaters but I got passionate about politics and its impact on communities through dealing with planning. Bizarrely I did a lot of the community planning and then devolution happened in Scotland and I went 'Wow' what an opportunity. Then that lead me to working in Scotland in the policy area and that led me to be interested in responsible capitalism: what should businesses give back? So I haven't really gone off piste since then."

Hence the attraction of a key public affairs role in a business that deals with many different areas of policy. "The big attraction for me was working for a global brand like BT that's at the heart of communities and society. Transitioning into BT at a very exciting time seems like just the right move."

A key focus will be looking at "the broader way that BT contributes to UK plc – what does that look like now and how do we grow that?"

Central to this will be BT's role in helping prepare wider society for an increasingly digital future. "You can see that in our digital impact sustainability strategy we are completely focused on digital skills now – that's going to be our big priority because that is the biggest barrier going forward – what's the statistic 90 per cent of jobs in 20 years are going to require digital skills? And we are the best-placed business to help tackle and support this.

"We've got an ambition to reach ten million people by 2025 in terms of upskilling them in digital skills. That's a massive ambition but we're doing it through various programmes as well as technology innovation. On the other hand we're happy to share that innovation – so how we push that out for young people in schools, for those people who are excluded, for SMEs – we're very much coming round to that space a lot more. It's really exciting."

We're the third largest investor in R&D in the UK – we spent over £643m this year alone – it's phenomenal

Wood says that six months into the job she is much more aware of the effect that digital technology can have on people's lives and the scale of what BT does. "We're the third largest investor in R and D in the UK – we spent over £643m this year alone – it's phenomenal. What a lot of people don't know is that we are leaders in innovation. We need to do a lot more of it, we need to do work collaboratively – as we do already but we need to increase it – with governments, academia, to make sure that we are also looking at the application of the technology."

Wood says that Tim Whitley, BT's managing director of research and innovation who is based at the high tech cluster of technology companies at Adastral Park says that there is "no shortage of new technologies it's the application of them that is the barrier. So it's a really exciting time to be in this industry sector."

Wood says that key to the future of the BT business will be its continued investment in fibre and 5G and in innovation. "We have to keep innovating to keep ahead of the market as well," she says.

She shares the excitement of many who see the potential for entrepreneurial opportunities in 5G. She says: "5G is hugely exciting for us because again it's about our customers. It's about using 5G in terms of allowing people to advance their businesses as well."

BT won the race to bring 5G to the UK. It was something that involved "all the different bits of BT to deliver that". She says that being first to market was important and that the main benefits of the technology will be in the enterprise space. A lot of the benefits that 5G will bring have not yet been invented but will be beneficial particularly in manufacturing, science and health. It will be hugely important for rural areas with medical specialists being able to monitor patients remotely and also there is the potential to perform operations remotely as well with a surgeon hundreds of miles away being able to move robot arms to do the surgery. She says: "Particularly in a rural place like much of Scotland, there will be loads of opportunities to transform the public sector."

She says the development of this technology and BT's part in it will have huge implications for the future of the business.

One element of the complexity of BT is that it is a multi-brand business with very ubiquitous brands from BT supplying home phones, through to EE in mobile, Plusnet the internet service provider, to Openreach providing the telecoms 'plumbing' through to BT TV with extensions into leisure with BT Sport being a significant player in the sport and leisure area. It is very hard to go anywhere without touching what BT does from CCTV in the streets through to the payments system in a shop very likely going through the BT network. But do BT customers – which is almost all of us if not actually all – know these brands are part of the one group and does that matter?

Wood says: "I don't think it matters terribly. We're in 180 countries, hopefully people will feel it is a positive thing that the brands are part of such a big global company that can invest heavily in the technologies. That's one of the benefits of EE coming in and it's a huge benefit in terms of the 4G around the UK that facilitate those calls."

But the fact that BT is so ubiquitous in a way that no other business is in Scotland with perhaps the exception of the Royal Mail and Scottish Water does give it particular responsibilities. Wood says: "What feels really important to me just coming in to BT is that I have a sense that BT takes that responsibility really seriously. We are a company with a purpose and that purpose is making a better world through connecting people.

"But my gosh there's a lot more in the layers underneath that. We're one of the most prolific recruiters of armed forces personnel – 4,000 across the organisation - we are the biggest taxpayer after the banks in the UK: we contribute £22bn to the UK economy alone. But we take all that seriously and all over our internal website is what can BT do for the UK. That's the narrative at the moment.

"Philip sees our people as the biggest asset in understanding our customers, which I think is brilliant. It's really exciting when we see things come through our internal websites in helping to enable our staff to support customers as well."

She adds: "The other thing that really appeals to me is localism. With any big corporate, wherever it's headquartered, it needs to make sure that it remembers what it looks and feels like in a place, to a customer or an employee."

Wood says that BT's contribution to local communities will grow as it moves forward with its digital impact strategy and it rolls out community centres in partnership with charities that can support the digital skills economy.

Wood says: "That feels authentic because it integrates its purpose work not just into a financial metric but into the whole ethos of the organisation. And you know from my background, Ken, from having spent 10 years working with companies in terms of their responsible business practice that authenticity felt important to me."

Jane Wood has joined an organisation that has been and is going through significant change with the number of employees across the group having been much reduced. This is exhibited by the fact that BT Scotland's HQ in the Gyle on the outskirts of Edinburgh where our interview takes place has a lot fewer people working in it than it used to.

"We are a leaner organisation – that work had started before I came in – more fit for purpose as an organisation. We are now in the second phase of that, looking at consolidating the physical assets we have as an organisation. We are reducing our buildings from 300 to circa 30 across the UK.

"But that is actually not about reducing, although it is in numbers, it's about investing in the physical environments in which our teams work and how they look to our stakeholders and customers who want to come into them. It was overdue to invest in our property assets."

BT Group has 7,700 employees in Scotland. The recent UK-wide cuts have been in areas of the business that are no longer a major focus and in layers of management. But it has been investing in engineers for Openreach and in newer technology and service areas such as fibre, 4G and cyber security.

I think I say it to everybody I meet: what people don't know about BT is as exciting as what they do know

Wood say that almost 100 per cent of calls in BT's consumer division are now handled within the UK, a process of bringing back jobs that were previously 'offshored' that will be completed by 2020. She adds that another change is that EE shops have given BT a presence on the high street where customers can access BT services other than the EE mobile network.

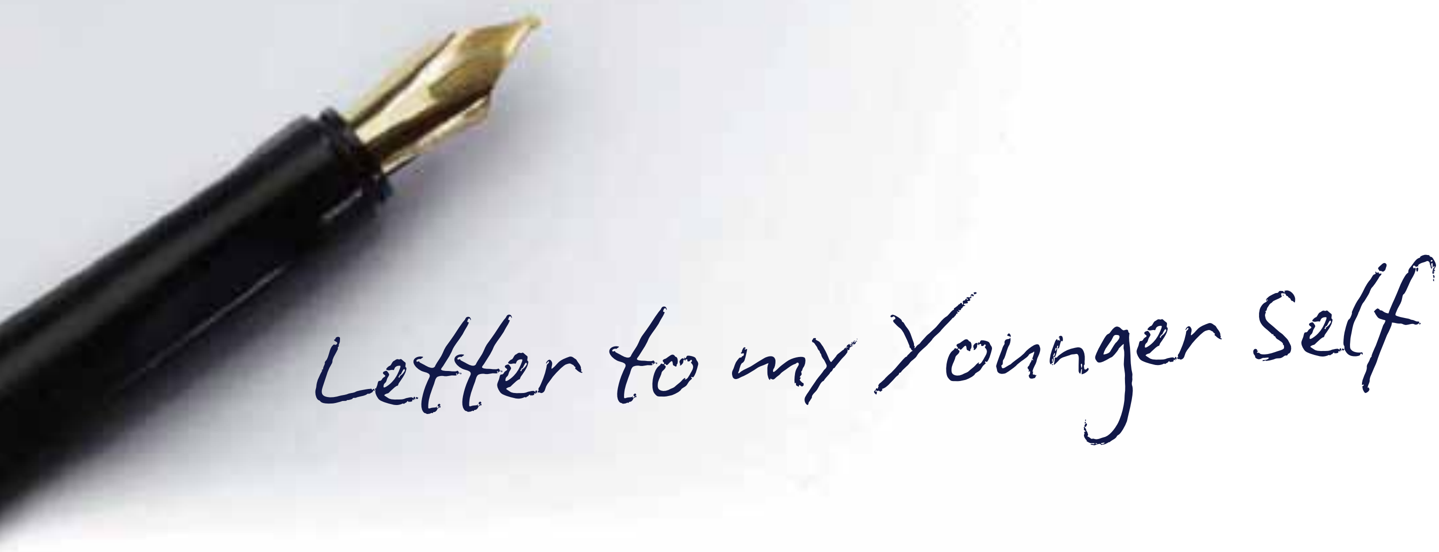
I ask her if there is not an increasing disconnect between the business and consumer world and that of politics. Consumers can shop for and select a product and have it downloaded instantly; it is a world where there is more and often instant choice.

But politics works in a very different way and at a much slower speed. Is much of her job then about connecting two worlds that work very differently?

Wood says: "It's a balance between short-termism and long-termism. Our chief executive is very much looking at a ten-year strategy now but where we work in political capital and intellectual capital, we are working in short-term policy areas.

"But back to your point on the consumer, I think that consumers now, because of social media because of technology, have got much more information to hand and their purchasing and buying is becoming intrinsically interwoven with the legacy piece. So, there is nowhere to hide around provenance and quality and issues like that, customers are looking more closely at people that produce products and services for customers.

"We discovered at the tail end of my time at Boots climate change and ethical supply chains were becoming a very important part of the what the consumer wanted to know about. Boots were starting to insure that the legacy, the efficacy of their products could be seen clearly throughout the whole supply chain. We're no different and I don't think the consumers are going to let up on that." ■



Brian Colling

Brian Colling is the chairman of Dacoll Group, a leading IT services business based in Bathgate, which he has grown since he founded the original company in 1969. He has kept his business at the leading edge of commercial developments in computing over the last 50 years and it now employs more than 200 people. Here he writes a letter to his 16-year old self...

Dear Brian

NOW that you have just left school at the age of 15, you are taking your first steps into the world of work. Make the most of the job that Mother has found for you in a family-owned company supplying, installing and repairing everything from washing machines to refrigerators including the very latest thing for the home, the television – complete with its 12-inch screen.

You will do so armed with a sound basic education from Highfield Secondary Modern – an education that you received despite the fact that Miss Pitts your first form teacher stated in front of the whole class that you should not be at this school. You will take no small satisfaction when you learn one day that your sister, who attends the same school, will become a school governor.

You passed the School Certificate Examination – later called the Eleven Plus – but you did not go to grammar school, nor did your brother, due to financial considerations despite two parents working substantial hours in Bradford's wool combing industry.

But your employment will allow you to attend Bradford Technical College and pass the National and Higher National Certificates in Electrical Engineering before your National Service with the Royal Air Force. It is this service that will give you full technical training down to component level on radar equipment that is used to display on screens the height and range of objects. You will learn how to calibrate and repair this equipment for it to operate 24/7.

These six months plus of technical training will give you a real understanding of vital equipment and how to repair under pressure. It will stand you in good stead when you have an interview with the English Electric Company's computing division. You will get the job and move 90 miles south to Stoke-on-Trent where you will work as an engineer and join the programme to produce the company's first computer, it's called Deuce.

This knowledge will see you move within the business and a further 180 miles south to Surbiton, Surrey where you will work in the firm's London office providing support to Deuce computers installed throughout the UK. There you will have the chance to further your knowledge and qualifications at technical college in the evenings to take Applied Mathematics and Higher English, both of which were necessary qualifications prior to applying for chartered engineer status. Work hard and with the support of the chief engineer at English Electric, you will apply and be successful in achieving your C.Eng.

You will keep at the leading edge of technology deployed within the business by helping in the commissioning of transistor-based computer products. Your focus and willingness to learn and work hard will see you being promoted to take operational responsibility for all installations in the North East of England and Scotland.

You will then learn how major changes within a business can impact you when a merger between English Electric and IC&T will lead to a decision to phase out support for the KDF9, one of the transistor-based products that you have been working on.

You will steel yourself and seize your chance to set up your own business – an idea that has long been with you. Winning your first contract will be key and you will find that that takes you to Scotland with a contract to maintain the KDF9 computer at the University of Glasgow. You need to use this experience and build on it and you will find that a second contract with Newcastle University will follow. You will add maintenance of the Elliott range of computers at colleges and local authorities throughout the UK to your growing contract base. A drive to grow the business will take you to the design, development and manufacture of new hardware and software products.

You will learn another key lesson when you realise that the success and longevity of

your company will depend on the quality of the people it employs. You need to develop a talent you find you have to make the right employment decisions to take your business forward. The result will be key people producing a successful range of products able to connect securely as an intelligent terminal to local or remote mainframe computers. It will be reported in the press that you were the third user of the Intel 8080 processor chip within your products.

You will be at the leading edge of providing secure access to government bodies and other approved authorities to access and retrieve confidential data in line with their security profile. This will enable you to achieve significant sales with the profits generated in turn being used to develop new products and services and establish further companies within a growing Dacoll Group. This will include automatic number plate recognition products that will be marketed in the US as well as the UK.

This all will lead to a key decision to focus on providing managed IT services that will be the continuing focus of the business. It will seem and is such a long way off from where you are now, but you will one day hand over the arduous reins of managing director running the business day to day and take up the role of chairman. The key thing when that comes is to establish the critical working relationship between chair and managing director firmly based on experience, cultural values and maturity.

That will be quite a transition for you when it comes but you will ensure there are regular opportunities to raise and discuss issues openly outside of scheduled meetings. And, believe it or not, at the age of about 80 plus you who will have had a thirst for work all your professional life will start to take a day off to play golf. You will know the business is in excellent shape and you will be able to take more time to enjoy the family, the garden and ...did I mention golf.

Remember your RAF motto "Per ardua ad astra" and may you live long and prosper.

Yours, Brian

insider DEALS:DEALMAKERS AWARDS 2019

Weir Group headline the winners with ESCO Corporation acquisition

The judging panel

Brian Aitken (chair) partner, Nevis Capital

Craig Gallagher (last year's Deal of the Year winner) CEO, MB Aerospace

Graeme Bruce senior partner, CMS

Mary Campbell founder and chief executive, Blas

Stuart Lunn CEO, Lending Crowd

Kerry Sharp director, Scottish Investment Bank

Ian Steele former senior partner, Deloitte Scotland

Jane Stewart independent director and strategist

Colin Welsh international partner, SCF

Deal of the Year

Winner: Weir Group
Sponsored by ThinCats

Weir Group's acquisition of ESCO Corporation was the biggest in the group's near 150-year history and was a unique value creating opportunity for Weir in the global mining sector.

The judges said: "This was a truly transformational deal with many dimensions. A large scale set of strategic moves that enables Weir to strengthen their core mining sector strategy with a full life cycle offering including a strong aftermarket. At the same time disposing of a non-core asset.

"A bold valuation and well negotiated acquisition of ESCO that also focused on its cultural fit and alignment with the Weir people, history and values. Without this emphasis and positioning amongst the key selling shareholders it's not clear if this deal would've happened.

"A great leadership team effort that allows the Weir business to focus on integrating the ESCO people successfully and unlocking synergies straight away. A great Scottish and British success story continues...

"A very worthy winner just edging the category despite significant competition from several deals."

A great leadership team effort that allows the Weir business to focus on integrating the ESCO people successfully and unlocking synergies straight away

Acquisitive Company of the Year

Winner: CYBG
Runner-up: Kick ICT

The Clydesdale and Yorkshire Banking Group won the award for its acquisition of Virgin Money to make the group into a UK-wide bank. The judging panel said: "This is a deal that makes an important contribution to the wider Scottish economy with the commitment to keep the head office and digital operations in Scotland."

Above: CEO David Duffy led the Clydesdale and Yorkshire Banking Group in its acquisition of Virgin Money

Corporate Finance Team of the Year

Winner: EY
Runners-up: Anderson, Anderson And Brown, BDO
Sponsored by CMS

The judges said: "This was a closely fought category where the judges deliberated at length due to the quality of the finalists. They thought that this year really showcased the strength and depth of the advisory community in Scotland.

"The judges recognised that EY had had a particularly strong year, originating and adding value on quality deals across a range of sizes and sectors.

" In particular, they demonstrated strong dealmaking capability on a number of large complex deals – advising an impressive range of plc's and entrepreneurs on challenging transactions.

"They stood out as having advisory roles on several of the D&DM finalists including Weir, QTS, John Menzies, Incremental and Cyberhawk.

One judge said: "They had a hand print on most of the high quality deals in Scotland over the year."

Funder of the Year

Winner: BGF
Runners-up: Clydesdale Bank, Scottish EDGE

The judging panel said: "This was another really tough category to judge. The judges thought that BGF had shown a focus and commitment to sourcing and executing equity deals in Scotland having backed 30 businesses since BGF was set up in 2011 and this was a strong year for them.

"They had been active across a range of sectors and deals and demonstrated the full equity life cycle of origination, follow on and exit in the year.

"The judges felt that Clydesdale had had a great year supporting an impressive number of deals. However, they were pipped by BGF in a closely fought category."

insider DEALS:DEALMAKERS AWARDS 2019

Sale of the Year

Winner: Enermech Group Ltd
Runners-up: Clyde Blowers Capital; QTS Group
Sponsored by Brewin Dolphin

Enermech's sale to the Carlyle Group generating a very healthy return for its exiting shareholders was chosen as the winner in a very strong Sale of the Year category.

The company persevered to gain an exit against the backdrop of an incredibly tough oil and gas market producing a deal that provided a fillip to the whole North Sea sector.

The judging panel said: "The deal produced real value for the backers at an impressive multiple against a very tough backdrop."

Usman Ali has shown strong performance in a challenging market with a clear focus on tailoring support to win business and deliver for the customer

Emerging Dealmaker of the Year

Winner: Usman Ali, Clydesdale Bank
Runners-up: Richard Rainey, EY; Fiona Robertson, Campbell Dallas
Sponsored by Shawbrook Bank

The judging panel said: "Usman has shown strong performance in a challenging market with a clear focus on tailoring support to win business and deliver for the customer.

"His networking and relationship building has allowed him to source and execute deals right across the country.

"His passion for doing deals was very clear from his presentation."

One judge said: "This is a guy who came from nowhere and who has made a very strong impact in a short period of time."

Transformational Deal of the Year

Winner: Weir Group
Runners-up: Standard Life Aberdeen; John Menzies

The panel said: "The judges were impressed with the breadth and depth of the strategic planning undertaken by the Weir team in pursuit of their agreed objective for the Group, pinpointing acquisition targets and positioning themselves well to progress with the key target, unlocking substantial potential for shareholders – all in an incredibly short timeline."

L-R: Incremental CCO Craig Donnelly, CEO Neil Logan and CFO Stuart Kerr at the company's new offices in Glasgow

SME Transformational Deal of the Year

Winner: Incremental
Runners-up: Cyberhawk, Motive Offshore Group
Sponsored by LendingCrowd

Incremental's deal to refinance the business through an MBO and provide investment to accelerate organic growth was the winning SME Transformational Deal. As part of the deal its previous backers Maven Capital and the Scottish Investment Bank were replaced by Dunedin.

The judges said: "The Incremental deal was a very strong one that gave the business the much-needed firepower to expand while retaining the majority of the equity for the company's founders.

"It was a very well-structured deal, and a successful BIMBO (Buy In Management Buyout) which you very rarely see. It was good to see Scottish investors exiting for other Scottish investors for a Scottish company."

Legal Advisor of the Year

Winner: Brodies
Runners-up: Burness Paull, Addleshaw Goddard
Sponsored by Law Society of Scotland

Brodies emerged as the winner in a very hard fought category in a year which saw them advising on a groundbreaking deal for a major oilfield project, managing an international 'unicorn' sale and leading a seven-figure crowdfunding raise.

One of the judging panel said: "Brodies completed an impressive range of deals including ones that were complex and innovative, with a structure on the Premier Oil deal that had never been done before. They are Scottish-based with global expertise."

Another judge said: "They are gold standard. Their work for Premier has set a world precedent doing regulatory work that had never been done before."

Early Stage Deal of the Year

Winner: SEM Energy Ltd
Runner-up: Novosound

Aberdeen-based SEM Energy's triple deal gaining backing from Energy Growth Momentum LLP as an investment partner and buying two other businesses meant that they triumphed in a very heavily contested category.

The judges highlighted the simultaneous nature of the deal which saw SEM gain an investor and buy two technology companies in Epona Technolgoies and Entron Technologies with complementary assets and intellectual property.

The judges said: "In a tough and challenging marketplace, SEM Energy has developed a technology-led offering that is really disruptive offering differentiated environmental solutions across a range of end markets." ■

SEEING THE WOOD FROM THE TREES IN A 'NO DEAL' BREXIT SCENARIO

By KEN SYMON

BUSINESSES have stepped up their planning for the UK's departure from the EU and particularly the prospect of it leaving without a deal. Christine O'Neill, the chair of law firm **Brodies** and a leading constitutional lawyer says business leaders have returned from holiday and have responded to the change in the UK Government and the change of tone on a no deal Brexit.

She says: "We have had clients approaching us who took advice prior to March about what the implications might be of a no deal exit and who are asking for substantive updated advice. For example, this afternoon a client in the business of transporting people and goods was particularly interested in advice on what the impact may be on aviation and the marine sector."

Generally she says: "The larger the organisation the more prospect there might be of having done preparations but for a number of the larger organisations that preparation is not necessarily in depth. Because of the uncertainty there remain difficulties in knowing what the best thing to do is.

"Smaller businesses have done less. I wouldn't use the expression 'rabbit in a headlights' because I don't think they're even in a place of shock I think its quite a pragmatic decision that many businesses have taken that, where they have resource constraints, it's simply not worthwhile diverting resources into Brexit planning in circumstances which there is a high degree of uncertainty remaining."

Above: The cost of importing timber could surge

> **it's simply not worthwhile diverting resources into Brexit planning in circumstances which there is a high degree of uncertainty remaining**
>
> Christine O'Neill, Brodies (below)

While that uncertainty is still continuing more than three years on from the EU Referendum vote, Ross McEwan, the outgoing chief executive of the **Royal Bank of Scotland** said that the UK will face a period of "pain and anguish" and that the economy "will slow down."

He said: "It will be alright in the long-term. I think in the medium term, we are in for a little bit of pain and anguish. How deep or painful that is, time will tell. It will depend if it's deal or no deal."

He pointed to the warnings of Bank of England Governor Mark Carney that there would be an instantaneous shock" to the UK economy in the event of a no deal

Brexit. He said of the Bank of England chief: "He has been painted as the doom and gloom person. I think he is the most realistic person in this country to see what is going on."

The Royal Bank of Scotland has put measures in place to help businesses and limit the financial shocks of Brexit. It says it has committed £5bn of its £6bn small business growth fund, a move that is partly designed to help businesses out with the impacts of the UK's departure from the EU. However, it says, only a small proportion of this has been drawn down.

A spokesman said: "We've contacted 15,000 businesses to assess their potential exposures, mapping risks across supply chains from big retailers like Sainsbury's and Tesco through to farmers and putting in extra credit lines where necessary."

There are concerns around particular sectors including in construction where there is a particular issue about the availability of timber. Chris Narrowmore, a partner with Edinburgh-based construction and property consultancy **Thomas & Adamson** highlights the worries. He says: "As the second-biggest importer of timber products in the world, and with two-thirds currently sourced from within the European Union (EU), the UK will be in a precarious position should it leave without securing a deal in October. Not only is there real fear that the cost of importing timber will surge; another chief concern is enhanced duties and the wider question marks around other potential quotas and increased red tape.

"Given that current UK architectural specifications are favouring European timber, this will put large parts of the industry under strain. Of course, the industry can evolve post-Brexit and take on a more global sourcing strategy for materials, but for this to happen we will have to open ourselves up to wider accreditations and standards outside of the EU. This will take time, but it is possible."

But Narrowmore says that one area of the construction industry that may be fundamentally altered by Brexit is the procurement and supply chain. "Currently, the industry relies on 'just-in-time' fulfilment, which means that most materials can be sourced within a tight timescale. Potential supply issues caused by Brexit mean that this may not be possible in the future.

"Historically in Scotland you do not pay for materials until they arrive on site and they are included into the works, but this will have to change, and we will have to migrate to a forward-fund model, which will undoubtedly cause issues, at least in the short-term.

"Then there will be a host of other legal, storage and double-handling cost issues that will need to be resolved. While this disruption is manageable, it comes with challenges and costs.

"When you add in the fact that European funding for major infrastructure and regeneration projects in Scotland will dry up post-Brexit, plus the current level of uncertainty and public austerity, I think there may well be a few challenging years ahead for the industry."

A more immediate challenge for businesses that import and export

Joanna Boag-Thomson, Shepherd & Wedderburn

Not only is there real fear that the cost of importing timber will surge; another chief concern is enhanced duties and increased red tape

Chris Narrowmore, Thomas & Adamson (above)

IN FOCUS: Pets and Brexit

One of the big questions about Brexit is how it will affect areas of life – and therefore of business – that have been little discussed publicly. One of the areas that has had few column inches is the issue of pets, something that, after all, could affect one in two households. In fact, dogs, cats and – wait for it – ferrets are subject to special laws given that they are particularly susceptible to rabies. If and when the UK leaves the EU and Britain becomes a so-called 'third country', owners of these types of pets will be subject to border checks and additional paperwork.

Hannah Frahm, an associate with law firm Brodies says: "On the commercial side, there are strict intra-EU requirements for transporting pets, for example an additional examination just before transportation and extensive health and entry documentation. However, the flourishing illegal puppy trade seems to suggest that import/export controls under the current system are not as effective after all."

She adds: "The transport of horses between the UK and the EU would also become more onerous post-Brexit." Following the publication of a guidance note, Brodies has had a number of enquires about this including from Germany and Spain.

will be getting their goods over the border into the EU from the exit date on. Christine O'Neill at Brodies says:

"If you are importing or exporting goods you will have to have the relevant registration number for getting your goods over the border. The UK is issuing UK-based numbers to UK businesses but those businesses can't get the equivalent EU registration number at the moment. In fact, they may not be able to get the number until after exit day which means that, even if they try in advance to get themselves organised, there will inevitably be a gap."

But what about the potential issue of contracts not applying because they refer to businesses in EU countries which Scottish companies will cease to be on exit?

O'Neill says: "It is undoubtedly the case that there are contracts and agreements in all sectors – not just financial services or transport or insurance – but business contracts that clients enter into that will be written in a way that refers directly to the EU or proceeds on the assumption that the parties to the contract are operating within the EU and have all the rights and obligations of businesses that are established in the EU.

"We do see clients looking for advice on whether those contracts post-Brexit continue to be valid. And looking for advice on, if they continue to be valid, how one applies those contract terms in a situation where the UK is now out of the EU. So, do you apply them as though references to the EU are references to the UK? Or do you apply them as though you're outside the EU and everyone else is still in the EU?

"You're quite right there are contract interpretation questions which will be really fact specific, they will very much depend on the nature of the contract, the nature of the business.

"So for example, if a contract is between parties that are entirely within the UK and they are dealing with goods and services clearly within the UK then it ought to be reasonably straightforward to make that contract work in a post-Brexit environment. If it is a contract between a UK company and for example a German business or an Italian business, that is going to be more complex."

But she adds: "This is something that Scottish legal advisors have had to look at in the quite recent past because very similar questions arose during the Scottish independence referendum campaign."

Another matter that will affect a whole range of differing sectors is intellectual property.

Joanna Boag-Thomson a partner at **Shepherd and Wedderburn** who specialises in the area warns businesses about complacency on their IP. She says: "Businesses are advised to carry out an audit of the IP rights that they hold, particularly with regards to protection in the EU. This includes IP which has been licensed or which the UK business has licensed to a third party.

"Where a UK business holds EU trade marks which also cover the UK and does not have equivalent UK trade marks (UKTMs) we suggest that it is worth considering applying for UKTMs so as to avoid a situation where a third party applies for similar or identical marks in the UK during any transition period, or prior to the business receiving comparable UKTMs.

"Businesses should also be reviewing business-critical agreements with

COMMENT

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Trading with the EU post-Brexit: Two EORI numbers are essential if there's no deal

UK businesses may well be aware that an Economic Operator Registration and Identification (EORI) number is essential to allow trading with EU countries post 31 October 2019, if there is a no-deal Brexit. What is less well-known is that you would need two EORI numbers – one from the UK and one from the EU.

The European Commission's guidance from March 2019 states that EORI numbers issued by HMRC will be invalid in the remaining EU member states (the EU27) as of Brexit. This also extends to other customs authorisations granted by HMRC.

This guidance is really important - goods moving to the EU could be stopped after 11pm on 31 October if your business only has a UK EORI number.

Businesses with a UK EORI number

If your business already has a UK EORI number, you should apply for an EU EORI number as well – this can and should be done now. Apply either to an EU Member State in which you have a permanent business establishment, or to the first EU Member State into which you are likely to import goods and lodge a declaration post 31 October.

EU27 Member States now have guidance on their customs websites for holders of UK EORI numbers on how to apply for an EU one in advance of Brexit. The new EU EORI numbers will activate immediately upon the UK leaving the EU without a deal.

Businesses with no UK EORI number

Markedly few businesses have applied for UK EORI numbers, despite HMRC's campaign. If you are a UK business intending to trade with EU countries post Brexit you should apply for one now, as well as applying for an EU EORI number.

If you are a non-UK business intending to trade with the UK post-Brexit, HMRC has indicated it will accept your EU EORI - for the time being. You will need to apply for a UK EORI number at some point, but HMRC will advise on the procedure for doing so in due course.

territorial references to the EU (e.g. in IP licences) as they could find – to their dismay – that an IP licence they have received (and rely upon) that refers to the EU will suddenly exclude the UK as part of the licensed territory following Brexit."

If the UK leaves without a deal, Boag-Thomson says that any existing EU trade marks or Registered Community Designs would only cover the 27 remaining EU member states and would no longer apply in the UK. This also means that use of an EU Trade Mark/Community Design in the UK would no longer qualify as use "in the EU" for the purpose of maintaining the rights.

She says that the UK government has announced that it plans to provide all holders of existing EUTMs/Registered Community Design with a Comparable UK Right on the exit date.

Boag-Thomson says she anticipates that if there is an agreed deal, that there will be no change to the IP outlook during the transition period that will follow the agreement. But, she says: "It's important to keep in mind that the future position will depend on the negotiations during the transition period. There is still a possibility that the "no-deal" provisions could be required at the end of the transition period subject to the negotiated outcome."

Christine O'Neill says there is an important non-legal issue that will hugely affect the outcome of Brexit. "One of the most interesting things is the human factor: how do individuals respond on any given day? How do customs officials respond? How do border agency officials respond?

"Just how people and business and people on the ground respond in the event of a no deal Brexit and that will be impacted by a whole range of things including the guidance that is given by political leaders and the approach that's taken by the media. That's an area that is under-discussed.

"The best that any advisor can do at this stage is give clients visibility around what is being said and that is not that easy to get from the news or do by yourself without some support from people who understand how to walk their way around this." ■

> **The future position will depend on the negotiations during the transition period. There is still a possibility that the "no-deal" provisions could be required**
>
> Joanna Boag-Thomson, Shepherd & Wedderburn

IN FOCUS: Brexit Checklist

Have you made sure your EU employees understand what steps they need to take to continue to live in the UK post-Brexit?
As things stand EU nationals who want to stay here have to apply for settled status by 30 June 2021. The situation may be different if there is a no deal Brexit.

Will you be able to travel to the EU post-Brexit?
If you are travelling after 31 October and there is a no deal Brexit you will need to comply with potential new rules.

Have you reviewed your contracts?
It is vital for businesses to review existing contracts to identify any potential risks, liabilities or complications that could arise from Brexit. It is also necessary to consider how new contracts should be drafted to ensure they are 'Brexit-proofed'.

If you import or export goods, are you ready to comply with new trade and VAT requirements?
In the event of a no deal Brexit, the right to move goods freely between the UK and the EU would fall away as of 11pm on 31 October 2019, and trade would revert to World Trade Organisation (WTO) rules. As a result, if you trade with the EU (whether importing or exporting) you may have to comply with the more onerous customs, excise and VAT procedures and rules that already apply to goods traded with non-EU countries.

Will you still be able to export manufactured goods to the EU and rely on existing certifications in the UK?
if you are a UK manufacturer of goods that are subject to EU-wide standards you should also be reviewing whether your existing conformity assessments and certifications will continue to be recognised in the EU. You should also review whether you will need to obtain separate UK certification to cover use of your products in the UK.

Will you still be able to operate in the EU?
UK businesses that operate in the EU will become third country businesses as far as the EU and its member states are concerned. Your ability to continue operating in the EU may therefore be impacted in a no deal scenario, for example by the introduction of additional approvals in certain EU Member States. Knowing exactly what kind of changes your business might be subject to is crucial.

Will you still be able to transfer personal data to and from the EU?
At least in the short-term, the UK's data protection regime will not change even in the event of a no-deal Brexit. The Data Protection Act 2018 will remain in place, and the European Union (Withdrawal) Act 2019 (EUWA) will incorporate the General Data Protection Regulation into domestic law. Transferring data between the UK and the EU, will – at least in the short-term – continue to be permitted as a matter of UK law. However, it may not be allowed under EU law.

Have you checked how and by whom your business activities will be regulated?
The orders made by the UK Government and Scottish Governments under the EUWA will adapt EU legislation so it works as UK law post-Brexit. If there is a transition then these orders will not be needed until 2021, if at all, but in a no deal scenario they will come into effect at the point of Brexit. While the orders are intended to preserve the status quo as far as possible, some laws and regulations will simply not work outside of the EU and so may need to be dramatically altered. If you operate a business that is subject to EU regulation, it is vital to understand how this might be changed post-Brexit and how you might need to adapt to your new regulatory environment.

This checklist is extracted from Brodies' Brexit: Are You Ready?

SEEING BREXIT THROUGH MANY LENSES.

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Enlightened Thinking.
brodies.com

OVER 250 YEARS' EXPERIENCE HELPS US PLAN FOR SUCCESS

Shepherd and Wedderburn's 250th anniversary has been an opportunity to celebrate our clients' achievements and our role in their success and, just as importantly, to actively listen and plan for the years ahead to ensure we continue to provide the relevant, high-quality services our clients expect.

Our firm traces its roots back to the Scottish Enlightenment, a period of radical thought and innovation that saw Scotland flourish as a world-leader in fields ranging from science, economics, philosophy and the arts to the law, engineering, mathematics and international commerce. Then, as now, Scotland was part of a global economy going through unprecedented change.

That is why, to mark this historic milestone, we commissioned a report from Strathclyde University's Fraser of Allander Institute to help best position the Scottish economy, our clients and our business for the future in a rapidly evolving global economy. *Scotland in 2050: Realising Our Global Potential* drew on a wide-ranging research and listening project involving more than 400 leading figures from business, academia and the public and third sectors, as well as UK and Scottish government representatives, to produce a road map to help inform policymakers north and south of the border.

The study concluded that Scotland must focus on eight core areas:

- **building infrastructure (physical and digital) that is fit for the future;**
- **the knowledge economy;**
- **nurturing and retaining business of scale;**
- **training an appropriately skilled workforce;**
- **encouraging greater collaboration between academia and industry;**
- **implementing a national strategy focused on sectors and businesses with the greatest growth potential;**
- **adopting a more collaborative approach to entering new markets; and**
- **setting longer-term policy objectives at local, national and UK level.**

We have been overwhelmed by the contribution our clients and the wider business community have made to Scotland in 2050; the interest the report has garnered across all sectors and among policymakers at Holyrood and Westminster; and the quality of the debate it has stimulated. I have been struck by the strength of agreement around most, if not all, of the report's key findings and the shared appetite to address the challenges and seize the opportunities it identifies. We were also pleased to see the Scottish Government reflect a number of the study's key recommendations in its export action plan, *A Trading Nation,* published earlier this year.

One of the most exciting aspects of Scotland in 2050 is now working with clients, contacts and policymakers to overcome the challenges and seize the opportunities it highlights. We intend to continue this conversation with clients to identify those areas where we and they can make the biggest impact and how Shepherd and Wedderburn can best support them on that journey.

Paul Hally

We are a business that has always prided itself on building long-standing relationships of trust with our clients and there is no greater achievement for us than being regarded as a trusted adviser whose counsel goes beyond excellence in black letter law.

Throughout its history Shepherd and Wedderburn has been at the forefront of innovation in all the key sectors of the economy – from the expansion of Edinburgh's financial services sector and the privatisation of state industries to, more recently, our work with one of Scotland's first tech unicorns and on landmark clean energy projects. Building on our heritage of excellent client service, our focus is firmly on the future, and on ensuring we maintain our proud tradition of supporting innovation, economic growth and international commerce.

We are not a business that rests on its laurels. Instead, we are looking to the future and evolving to support the changing needs of our clients. We continue to work closely with a number of them on the development of legal technology solutions, harnessing artificial intelligence, automation and other technologies to facilitate collaboration, enhance transparency and further improve the speed and quality of our service. It was also in response to client demand for our internationally recognised regulatory expertise and experience supporting leading businesses in the telecoms, energy and utilities sectors, that earlier this year we established a small office in Singapore to assist clients with operations in the Asia Pacific region.

I would like, on behalf of the firm, to thank our clients, colleagues and alumni, who have been critical to our progress over the past 250 years and will continue to be so in the years ahead.

Paul Hally, Chairman, Shepherd and Wedderburn.
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SHEPHERD+ WEDDERBURN

MORISONS FAILURE HIGHLIGHTS FIERCELY COMPETITIVE LANDSCAPE

By PERRY GOURLEY

THE LATEST annual results reporting season suggests the managing partners – or increasingly chief executives – at the helm at the largest commercial law firms in Scotland are steering a steady course in choppy waters.

Despite the impact of continuing Brexit uncertainty on clients, evidence of growing competition and concerns over a looming shake-up of the way the sector is regulated, those firms which filed accounts over the summer generally posted healthy rises in fees and profits.

Richard Masters, Scottish chair at **Pinsent Masons** describes the sector as "pretty robust" despite fears that the political backdrop would start to hit activity levels.

"Businesses are just getting on with it, ourselves included," says Masters who oversaw seven per cent revenue growth over the past year underpinned by what he says were healthy transaction levels in areas including real estate and infrastructure.

Andrew Blain, managing partner at **Shepherd and Wedderburn**, which recently announced record financial results in its 250th year aided by buoyant activity in corporate finance and energy, says "by and large the firms at the top of the market are doing reasonably well in uncertain markets".

But while the general picture

> **Those who are not in a position to invest in the technology will run the risk of being under continued stress**
>
> Richard Masters, Pinsent Masons (below)

is of a sector in relatively good financial shape, the collapse of one of its oldest firms during the year inevitably was a sobering reminder that some firms are faring better than others.

Morisons became the latest in a string of Scottish law firms to fail in recent years following the likes of Pagan Osborne, McClure Naismith, Tods Murray and Semple Fraser.

Morisons, which employed 90 at its offices in Edinburgh and Glasgow, called in administrators as it faced an exodus of partners which would have resulted in a significant loss of both clients and turnover. Most of the staff and partners eventually found a new home at either Thorntons or Blackadders.

Whatever the root cause of Morison's failure, **Brodies**' Nick Scott stresses there is no shortage of good quality work for firms in Scotland to compete for.

"There is plenty to go round for those focused on providing first rate services," argues Scott whose firm has recently posted double-digit growth.

Pinsent Masons' Masters says the "sad demise" of Morisons highlights the fact that some in the sector continue to be under strain.

"Those who are not in a position to invest in the technology and smarter ways of working which drive efficiency, will I suspect, run the risk of being under continued stress," he predicts.

Alan Gilfillan, partner at **Balfour+Manson**, agrees that the loss of Morisons puts the spotlight on efficiency.

"It is thought that high property costs contributed to the demise of both Tods Murray and Morisons and there may be others who have stretched their finances in moving to impressive but expensive office premises.

"Regardless of size, firms need to operate efficiently. That means keeping a grip on costs, but also being prepared to invest in areas of the business where they can streamline processes and cut waste. Investment in technology is essential in order to achieve this."

John Anderson, entrepreneurial services partner with **French Duncan**, which recently compiled a report showing profits in Scotland's legal sector have fallen by over a quarter in the last ten years, says the failures highlight how it remains a "fiercely competitive" landscape.

"A decade ago, few would have predicted that law firms would go bust and yet we all know of the losses in the sector which have occurred over the last five years."

He says the collapses highlight the importance of law firms ensuring they have systems in place to maximise efficiency, maintain strong cash flow, and increase profitability.

"Focusing on costs and targeting key markets are essential to maintain profitability and the best firms are doing this while others may be struggling," he argues.

Consolidation has been a major theme for the sector in recent years although the last 12 months have seen relatively few deals.

Edinburgh-based Davidson Chalmers and Glasgow boutique law firm Kergan Stewart joined forces to become **Davidson Chalmers Stewart** with 16 partners and 45 staff headed up by managing partner Andrew Chalmers.

Aberdeen's Plenderleath Runcie became part of national law firm Blackadders, following on from a deal which saw it also acquire Glasgow-based practice, Boyle Shaughnessy.

Harper Macleod expanded into Moray after acquiring the business of one of the area's oldest legal practices, Wink & Mackenzie.

While consolidation has seen a number of major Scottish names disappear over the years, there is little sign of another big deal on the horizon.

Shepherd and Wedderburn's

A decade ago, few would have predicted that law firms would go bust and yet we all know of the losses in the sector which have occurred

John Anderson, French Duncan

Andrew Chalmers, Davidson Chalmers Stewart

Martin Darroch, Harper Macleod

Blain maintains "there will always be a place for strong Scottish independent firms at the top end of the market, with depth of experience, business connections, and specialist jurisdictional expertise".

Neil Kennedy, managing partner at **MacRoberts**, says the recent performance of some of the remaining legal brands in Scotland show they have done well over the last couple of years by "really focusing on strategy after the market went through major change".

"Indeed, many independents have done very well," he points out.

He believes that consolidation in the market may now be more active at the smaller end of the scale with mid-tier firms adding on niche practice areas through acquisitions.

"There may also be another mid-tier merger between or involving a couple of the smaller Scottish independents, particularly if economic and operating pressures dominate."

Allan Wernham, managing director for Scotland at **CMS** which itself combined with Dundas & Wilson five years ago, also believes further consolidation of some form is inevitable in the market.

"Local scale, deep sector expertise and international reach are still big drivers for clients. Whilst not every merger will deliver all of those features, those that do will stand the greatest chance of success in the long-term."

Wernham says that while it may be a shame that long-standing Scottish brands disappear as part of the process "it would be foolish to be nostalgic about the past when the future is worth relishing".

However, Harper Macleod chief executive Martin Darroch believes the loss of long-standing Scottish legal brands is a cause for concern.

"I think it is very much linked to the issue of our whole regulatory environment. The barometer of a healthy, thriving Scottish legal sector shouldn't be how many Scottish practising certificates there are, it should also be the state of Scottish headquartered firms and the scale that they operate at."

Darroch argues that there has been little impact on the market by moves by firms to enter the Scottish sector by taking over an existing player.

"It's not a threat to our business as such that I'm concerned about, more the underlying threat to the identity of the Scottish legal profession and Scots law."

Andrew Chalmers, managing partner at Davidson Chalmers Stewart also believes the loss of long-standing legal brands through consolidation with UK or global firms is an issue "in the same way as the loss of any strong Scottish businesses to foreign ownership matters" although he says it does create opportunities for the remaining independent players.

As well as consolidation, the market in Scotland has seen a number of new entrants in the past year, a trend which CMS's Wernham thinks underlines the fact that the Scottish commercial law sector is in good shape.

They included Bristol-based practice Burges Salmon which opened a new office in Edinburgh this summer, recruiting a number of senior staff from Scottish rivals.

Womble Bond Dickinson, which first moved into Scotland in 2007 with an office in Aberdeen, also established a new base in Edinburgh last year and recently signalled its intention to strengthen its presence in the market with the hire of Lloyds heavyweight Jonny Williams as head of its financial services team,

Nick Scott, Brodies

Firms are bringing other people into the interview process so that it's not just partners at the table but people they'll be working alongside

Frasia Wright, Frasia Wright Associates

IN FOCUS: Legal services regulation

LAW FIRM heads are concerned over proposals to introduce a new regulatory body to oversee the legal sector. The Scottish Government is planning to issue a public consultation following the publication of the Roberton review – led by Esther Roberton – into legal services regulation.

The main issue for the consultation is likely to centre around the proposal for a new regulator for the sector instead of the current system overseen by the Faculty of Advocates and the Law Society of Scotland.

Although Andrew Blain, managing partner of Shepherd and Wedderburn, believes the rules governing the sector do need to be updated and simplified he voiced concerns about the proposal to create a new regulator. He argues it raises issues over the independence of the profession and questioned the financial sense of creating a new body in what is such a small jurisdiction.

"We have 12,000 lawyers to England's 200,000," he points out.

Pinsent Masons' Masters believes that although moves to simplify the complaints procedure are welcome, there is "no evidence" that the current system of regulation is not working.

"A separate regulatory function will introduce additional costs to the legal sector, with the unintended consequence of adding additional stress to those firms already under pressure and potentially reducing access to justice," he argues.

"It is not clear what the justification is for going through the upheaval and change required in moving to a single regulator and our view would be that we are happy with the status quo."

Brodies' Nick Scott agrees there is "clear consensus" about the need to improve the way in which complaints about legal services are handled.

"The current system doesn't adequately serve the public, or the profession. But we were also clear in our own response to the Roberton review that the focus should be on there being a level regulatory playing field for all providers of legal services in Scotland, whoever regulates them, and one which enhances the brand of Scots law as a place to regulate businesses, transactions and lives. Many of Esther's recommendations took this to heart."

Darroch of Harper Macleod says that although overall demand for commercial law services is holding up well he is seeing a clear shift towards clients receiving commercial law advice from a much smaller group of firms.

"That is borne out in the deals statistics, which show a real dominance of the top six or seven firms – which in turn are split between those who are Scottish-headquartered and those who aren't. They're involved in the majority of the deals and firms outwith that group aren't really attracting significant levels of work," he says.

"It's an interesting dynamic and I don't think it's simply about the quality of the legal advice, it's also the security that clients are seeking. That can relate to the continuity of advisor and firm, and also what is now taken as read around issues such as information security standards and having the necessary accreditations and procedures in place.

"There are only a certain number of firms who can deliver on all of that for clients, even in terms of meeting the most basic pass points for panel appointments."

With evidence that the efforts to tackle the dominance of the Big Four accountancy firms in the audit sector is seeing them increasingly look to the legal market for new sources of income, Shepherd and Wedderburn's Blain argues they should not be underestimated.

"They are likely to be a significant force in the legal market as they have been very successful over a long period in professional services," he points out.

"That said, they are likely to focus on service lines which complement their existing business, and we believe that there will remain a compelling case for clients to instruct independent law firms with a breadth of services and experience."

Chalmers at Davidson Chalmers Stewart notes that accountancy firms have generally been ahead of their legal counterparts in adopting technology to drive efficiencies.

"Many also have the firepower to be able to invest heavily in using this technology to deliver legal services. But while they are a significant threat on the one hand, there is a lot the legal sector can learn from them to further enhance the quality of service we deliver to clients," he adds.

Although law firms have traditionally been slow adopters of new technology, they are increasingly investing in areas such as AI research tools and cloud-based case management systems to improve efficiency and client service.

Harper Macleod's Darroch believes that firms that aren't able to adapt to the technology changes taking place face a difficult future.

"There's little doubt that to stay relevant firms have to be of a certain scale. There are growing technology and data regulatory challenges, let alone the capital expenditure involved and only those firms that embrace change will win."

Investment in technology is also increasingly becoming important to enable flexible and agile working, something Brodies' Nick Scott argues is a 'win-win'.

"It allows us to be more flexible with colleagues' working patterns, more efficient with our use of premises and to spend more time with clients," he says.

Allan Wernham at CMS is also a "big fan" of the trend.

"It's far more important to focus on providing a great client service than worrying about where and when our lawyers are working," he says.

"There are some challenges which need to be managed carefully – maintaining a sense of community in the office is a little more tricky, but doable!"

Shepherd and Wedderburn's Blain says agile working is leading to better ways of working with clients.

"It allows us to work on site with them, integrating with their team's work patterns and processes," he points out.

Clyde & Co managing partner David Tait says growth in agile working comes as clients seek more flexibility in service delivery including "how, where and at what price point different types of work is carried out".

"To manage a large, professional services organisation effectively and provide the level of response clients expect, our people increasingly need and want to work in different ways for a variety of reasons, both professional and personal."

James Hitti at **G2 Legal Recruitment** in Edinburgh says that a commitment to flexible working is

Neil Kennedy, MacRoberts

There will always be a place for strong Scottish independent firms at the top end of the market, with depth of experience, business connections, and specialist jurisdictional expertise

Andrew Blain, Shepherd and Wedderburn (above)

part of the better work/life balance that is increasingly expected by candidates

He also says that is seeing firms proactively looking to increase headcount in anticipation of an increase in workload in particular areas, rather than waiting until existing staff are overstretched.

Fellow legal recruiter Frasia Wright, who heads up **Frasia Wright Associates**, argues it is a 'seller's market' and that law firms are having to adapt to secure the talent they need.

Wright says that has led to a shift in the way firms interact with candidates at the interview stage, "selling themselves more rather than expecting people will want to work for them".

"They are bringing other people into the interview process so that it's not just partners at the table but people they'll be working alongside."

Wright says law firms are also facing growing competition from in-house roles such as jobs in the public sector, where working conditions may be more family friendly, or in industry where there are exciting opportunities to work for the likes of tech start-ups. "I think in-house has become more of an attractive option, particularly for lawyers at the 3-5PQE stage who may be looking at the partners at their firm who are 40 but look 50 and wondered whether that is what they want to work towards."

Firms are also increasingly looking to widen their recruitment pool through sector initiatives such as PRIME, which offers opportunities and support to young people from less privileged backgrounds.

Brodies, a founding member of the initiative, has now seen more than 160 students take up a week of work experience with the firm.

"We continue to see those work placements converting into university places and ultimately colleagues joining our firm as trainees," points out Brodies' Nick Scott who sits on the board of PRIME.

Andrew Blain, managing partner at Shepherd and Wedderburn, says he remains cautiously optimistic about future prospects for the sector.

"Although who knows what the next six months will bring from a political and economic perspective," he adds.

MacRoberts managing partner, Neil Kennedy says while the past year has been generally healthy for the sector – driven in part by an active deals market – "judging by what our clients are saying and doing, deepening political uncertainties are now having an impact".

He adds: "Confidence that an organised Brexit will be secured has waned whereas a year or so ago I think most business leaders were betting on a stable Brexit deal and 'just getting on with it', but that is less so now."

Legal Leaders 2019

Ranked by total staff plus partners
Numbers given are full-time equivalent

RANK 19 18	FIRM	TOTAL STAFF & PARTNERS (% CHANGE THIS YEAR)	STAFF	FEE-EARNERS	PARTNERS	SCOTTISH HQ/ SCOTTISH OFFICES
1 (1)	BRODIES	651.11 (4.98%)	552.5	380.33	98.6	Edinburgh/5
2 (2)	PINSENT MASONS	564 (3.68%)	500	345	64	Glasgow/3
3 (3)	BURNESS PAULL	512.44 (7.5%)	442.5	250.39	69.9	Edinburgh/3
4 (5)	THORNTONS	466.19 (8.24%)	412.1	145.4	54.1	Dundee/14
5 (6)	CMS	464 (10.48%)	398	274	66	Edinburgh/3
6 (4)	ABERDEIN CONSIDINE	457 (5.30%)	423	175	34	Aberdeen/19
7 (7)	SHEPHERD & WEDDERBURN	411.79 (0.83%)	345	215.97	66.8	Edinburgh/3
8 (8)	HARPER MACLEOD	364 (4.00%)	298	201	66	Glasgow/5
9 (9)	DENTONS	327 (-1.21%)	283	176	44	Glasgow/3
10 (11)	ANDERSON STRATHERN	297 (3.48%)	245	130	52	Edinburgh/3
11 (14)	BLACKADDERS	274 (11.38%)	245	160	29	Dundee/6
12 (12)	MORTON FRASER	265.6 (2.71%)	220	133	45.6	Edinburgh/2
13 (10)	BTO SOLICITORS	249 (-19.16%)	201	131	48	Glasgow/3
14 (13)	LINDSAYS	246 (-4.65%)	208	131	38	Edinburgh/4
15 (15)	TURCAN CONNELL	231 (8.45%)	198	129	33	Edinburgh/2
16 (17)	MACROBERTS	212 (7.07%)	169	130	43	Edinburgh/3
17 (-)	CLYDE & CO	202.35 (-)	179	67.99	23.4	Edinburgh/3
18 (16)	ADDLESHAW GODDARD	200 (1.01%)	158	175	42	Edinburgh/3
19 (20)	GILLESPIE MACANDREW	172 (20.28%)	150	87	22	Edinburgh/3
20 (18)	LEDINGHAM CHALMERS	152 (-12.14%)	121	71	31	Aberdeen/4
21 (21)	WRIGHT, JOHNSTON AND MACKENZIE	148 (12.12%)	114	98	34	Glasgow/5
22 (-)	DRUMMOND MILLER	102 (-)	90	34	12	Edinburgh/5
23 (23)	STRONACHS	89 (3.49%)	72	42	17	Aberdeen/2
24 (26)	DAVIDSON CHALMERS STEWART	61 (22.00%)	45	37	16	Edinburgh/Glasgow/3
25 (25)	MILLER SAMUEL HILL BROWN	57 (-14.93%)	45	26	12	Glasgow/1
26 (29)	BURNETT AND REID	44.35 (9.37%)	41.35	22.46	3	Aberdeen/1
27 (27)	MBM COMMERCIAL	40 (-4.76%)	32	20	8	Edinburgh/1
28 (31)	MACDONALD HENDERSON	18 (5.88%)	12	11	6	Glasgow/1
29 (-)	BURGES SALMON	14 (-)	11	9	3	Edinburgh/1

Other companies declined to participate or were unable to provide the relevant information on time.

The Top Dealmakers

Ranked by number of transactions reported to Insider for 2018 as of September 2019

RANK	FIRM	NUMBER OF DEALS REPORTED 2018	2017	TOTAL VALUE 2018	2017
1	BURNESS PAULL	268	301	>£29.49bn	>£43.24bn
2	BRODIES	150	147	>£3.41bn	>£7.17bn
3	SHEPHERD & WEDDERBURN	132	142	>£22.61bn	>£16.01bn
4	CMS	119	115	>£65.77bn	>£7.07bn
5	PINSENT MASONS	90	124	>£32.1bn	>£5.52bn
6	HARPER MACLEOD	74	99	>£713.65m	>£487.15m
7	DENTONS (SCOTLAND)	48	38	>£6.97bn	>£18.23bn
8	ADDLESHAW GODDARD	44	45	>£359.67m	>£366.24m
9	MACDONALD HENDERSON	43	37	>£58.88m	>£37.38m
10=	MACROBERTS	36	31	>£9.66m	>£135.82m
10=	MBM COMMERCIAL	36	29	>£417.5m	>£15.9m
12=	LINDSAYS	23	24	>£34.5m	>£3.99m
12=	MORTON FRASER	23	18	>£142.41m	>£5.61m
14	BLACKADDERS	20	18	>£1.77m	>£1.42m
15	THORNTONS	19	19	>£8.34m	>£33.08m
16	BELLWETHER GREEN	18	11	>£0.71m	>£0.12m
17=	DWF	17	23	>£248.89m	>£127.2m
17=	DLA PIPER (SCOTLAND)	17	36	>£748.6m	>£3.66bn
19	WRIGHT JOHNSTON MACKENZIE	16	13	>£36.65m	>£1.63m
20	STRONACHS	14	19	>£0.65m	>£5.45m
21	LEDINGHAM CHALMERS	11	13	>£30m	N/D
22	DAVIDSON CHALMERS STEWART	10	11	>£7.2m	>£38.48m
23	VIALEX	9	11	N/D	>£35m
24	ANDERSON STRATHERN	7	4	>£1.7m	>£190.25m
25=	BLACKWOOD PARTNERS	6	16	>£17m	>£17.78m
25=	TURCAN CONNELL	6	7	>£19.23m	N/D
25=	SHOOSMITHS	6	5	>£3.15bn	N/D
25=	ABERDEIN CONSIDINE	6	5	>£0.45m	N/D

Fee League 2019: Top Earners

Ranked by fee income

RANK 2019	FIRM	FEE INCOME LATEST/PREV	INCOME PER FEE EARNER
1	PINSENT MASONS	£77m/£72m*	£223,188
2	BRODIES	£76.86m/£68.58m	£202,088
3	BURNESS PAULL	£58.5m/£57.6m	£233,636
4	SHEPHERD & WEDDERBURN	£55.7m/£53.5m	£257,906
5	HARPER MACLEOD	£29m/£26.5m	£144,279
6	THORNTONS**	£26.9m/£27.51m	£185,007
7	ABERDEEN CONSIDINE	£23.6m/£22m	£134,857
8=	CLYDE & CO	£20-25m/-	£330,931
8=	ANDERSON STRATHERN	£20-25m/£21.8m	£173,077
10	MORTON FRASER	£21.8m/£21.7m	£163,910
11=	MACROBERTS**	£15-20m/£17.8m	£134,615
11=	BTO SOLICITORS	£15-20m/£15-20m	£133,588
11=	LINDSAYS	£15-20m/£15-20m	£133,588
14=	GILLESPIE MACANDREW	£10-15m/£10-15m	£143,678
14=	BLACKADDERS**	£10-15m/£10-15m	£78,125
16	LEDINGHAM CHALMERS	£11.6m/£10.6m	£163,380
17	WRIGHT, JOHNSTON & MACKENZIE**	£7.5-10m/£7.5-10m	£89,286
18=	DRUMMOND MILLER	£5-7.5m/-	£183,824
18=	DAVIDSON CHALMERS STEWART**	£5-7.5m/£3-5m	£168,919
20=	MBM COMMERCIAL	£3-5m/£3-5m	£200,000
20=	MILLER SAMUEL HILL BROWN	£3-5m/£3-5m	£153,846
22	BURNETT AND REID	£2.43m/£1.6m	£108,192
23	MACDONALD HENDERSON	£1-2m/1-2m	£136,364

**Insider Estimate. **Thorntons: Acquired the Edinburgh operation of Morisons LLP in March 2019. MacRoberts: Acquired Murray Snell. Blackadders: Acquired Glasgow operation of Morisons LLP and merged with Plenderleath Runcie of Aberdeen. Wright, Johnston and Mackenzie: Merged with CCW Business Lawyers in December 2018 and took over their Dunfermline office. Davidson Chalmers Stewart: Davidson Chalmers merged with Kergan Stewart on 1 May 2019 to form Davidson Chalmers Stewart.*

ACCELERATING THE DELIVERY OF AFFORDABLE NEW HOMES

IF YOU ask anyone what they consider the biggest challenges facing people in Scotland today, the shortage of affordable housing would almost certainly be on their list. Even if they are not affected personally, there is no escaping media coverage on the subject and they may know someone – a young relative perhaps – who is struggling to find a home they can afford to buy or rent.

The Scottish Government is making more than £3bn available to local authorities and housing associations to support the delivery of 50,000 affordable homes by 2021, including 35,000 for social rent. This investment is expected to leverage economic output of around £1.4bn per year, supporting up to 12,000 jobs.

Strategic procurement is an effective means of ensuring that the money spent by the public sector delivers economic growth and social value. With a long and successful track record of working with councils, Scotland Excel was commissioned by the Scottish Government in 2017 to deliver a procurement programme for housing associations.

According to Scotland Excel's Director, Julie Welsh, this programme set the organisation on a journey which has culminated in the launch of their largest ever contract – a £1.5bn framework for new build residential housing.

"As the centre of procurement expertise for local government, we understand the need for national procurement to have a positive local impact. Both councils and housing associations are locally focused organisations that want the best for their communities, and we can achieve this through community benefits in national frameworks.

"Through engaging with housing associations and our local authority stakeholders, it quickly became clear that organisations were going out to market for contractors to build new housing at the same time, and that these procurement exercises were delaying the start of projects. We saw a need for a national framework which would streamline this process while embedding additional value that could be delivered at a local level."

The result is Scotland Excel's new build residential construction framework awarded in August 2019. It has been designed to significantly reduce the time taken to procure the building of a range of social housing properties from contractors.

Welsh says, "We worked closely with council property specialists who provided invaluable advice on designing the framework, which uses standardised contract documentation and terms to shorten project timescales. Collaboration from across the public sector and the construction industry allowed us to produce a commercial model aligned to the industry's pricing."

Local economic development is central to the framework. Contractors have committed to advertising sub-contracting opportunities on the national tender portal, Public Contracts Scotland, and to using local labour and materials where possible. A commitment to engaging with supported businesses and social enterprises has also been made where the value of works exceeds £1million.

Fair work and community benefits within the framework are focused on challenges within the construction industry. All of the 19 suppliers awarded a place on the framework pay the Scottish Living Wage, and will deliver employment and training opportunities which help to address skills shortages within the industry.

Julie Welsh, Scotland Excel

"We recognise contractors are also stakeholders in the framework," says Welsh. "Community benefits will deliver for the industry as well as councils and housing associations, and we have incorporated the option of using Project Bank Accounts as way of ensuring prompt payment to suppliers and sub-contractors."

The new framework is being launched at Scotland Excel's affordable housing event by Derek Mackay, Cabinet Secretary for Finance, Economy and Fair Work. "The event is a great opportunity for councils and social landlords to learn more about the framework and meet suppliers," Welsh says. "We are looking forward to working with stakeholders to support the delivery of much-needed affordable new homes." ■

Scotland Excel's 'Accelerating the delivery of affordable new homes' event takes place at the Radisson Blu, Edinburgh on 8 Oct 2019.

INDUSTRY PASSION FUELS SCOTTISH SALMON MARKET

By KENNY KEMP

CHRISTOPHER West is a gently-spoken Englishman who does not relish large crowds. He was a fish chef before becoming a Scottish Office scientist in Perthshire, face down in streams with a snorkel, researching otoliths, the ear bones of fish. Then he found his perfect employment as general manager of a tiny fish processing business at Clachan on North Uist.

For him, a busy commute means dodging the goslings waddling over the single-track road towards one of the myriad of lochans that make up the remote and fantastic landscape of the Outer Hebrides.

Hebridean Smokehouse at Clachan Locheport started as Mermaid Fish Supplies in 1983 by George and Rosemary Jackson, became a smokehouse for locally-landed fish, until the business was bought in 2000 by Fergus and Anne Granville and expanded in size with an extended smokehouse. This was when Chris arrived and has remained a passionate advocate of the smokehouse's premium products ever since.

Scottish salmon is now a significant industry with a turnover of £1,027m in 2018, and a GVA of £365m. The food and drink industry would like this figure to reach £2bn. It employs 2,300 people, many of them on the Hebrides. Farmed salmon is now Scotland's biggest food export with seven major Scottish farm producers including Mowi, Loch Duart, Greig Seafood, Wester Ross Salmon, Cooke Aquaculture, **The Scottish Salmon Company** and Scottish Sea Farms. The value of Scottish salmon exports accounts for more than half of Scottish food and drink exports, excluding whisky.

> When the smoking is complete it comes down to judgement and touching the fish pellicle. The longer you leave it, the saltier it will become
>
> Christopher West, Hebridean Smokehouse (below)

However, there is no escaping the negative media coverage about the perceived blight of fish-farming on the pristine coastal estuaries of Scotland. There has been a recent damming *BBC Panorama* documentary on the conditions of some farmed salmon, and the serious issue of sea lice which attack fish in the pens. Then there is also the issue of ownership and why one of the biggest players, the Scottish Salmon Company, trumpets its headquarters in Edinburgh, although it is listed on the Norwegian stock market. All of this aside, Scottish premium salmon, from farms in West Coast sea lochs, is still being dispatched around the globe as a tasty, premium product. And the industry is doing a great deal to ensure that the image of the product is linked to Scotland's hard-won reputation for quality food.

On this June morning, there are 12 employees in the Hebridean Smokehouse and the adjoining shop, but as the Christmas season approaches, this will grow to 35 when the whole building will be engrossed in packing for the peak market. The five key days are before Christmas when the local Post Office lays on special flights out of Benbecula airport to ensure the two tonnes a day smoked produce reaches the festive dinner tables.

By industry comparison, this is still a tiny smokehouse making one batch a day using 200kg of raw filleted fish, which is a modest 58 tonnes per year. On the trays are fillets of salmon, maximum weight 3.5 kg, which are hand-salted with expensive Dead Sea salt from Israel, used because there are no anti-caking agents in it. This is the only ingredient, with no sugar or colouring added. The salt is allowed to seep in and is then hosed off with the fish placed in a chiller overnight.

Next day, they are smoked in the kiln, which uses a small wedge of locally-cut and dried Hebridean peat, with wet saw dust to stop it flashing over, to add to the flavour. The fish is not hung up in a kiln, like Arbroath Smokies, but 'cold' smoked on their trays. Cold smoking is gentler, rather than 'hot' smoked where a hotter, much denser, smoke creates a darker colour. The kiln time, around about 14 hours and up to 17 hours, is still a secret factor and only three people in the smokehouse know exactly when to remove it, depending on relative humidity and weather conditions.

"When the smoking is complete it comes down to judgement and touching the fish pellicle on the outside, which dries out. The longer you leave it, the saltier it will become," says West, who explains the pellicle is kept on to retain the flavour.

A major fish farm keen to maximise its return will quickly grow fish to five and six kg in weight, this is too big for smoking at the Hebridean Smokehouse, and is supplied for example by the Scottish Salmon Company.

"We're looking for the losers in the pack. They have less fat and produce less oil and have not fed so well in the fish cages. This makes them better for smoking. We believe our produce is as good as it gets. We take the trouble with our fish and these expensive methods in terms of labour, because we can't compete with people on price. We can only compete on quality," he says.

Exports are really important for the industry but we want to increase the Scottish consumption of Hebridean seafood, so that it is on the menu in more mainland Scottish restaurants

Clare Dean, Scottish Seafood (below)

The peat is cut locally on the moorlands of North Uist, where locals are allowed a yearly allocation.

Behind the scenes at Hebridean Smokehouse

The smokehouse is also making peat-soaked scallops landed locally.

"Nobody else is doing this and we hand slice those. It is hugely labour intensive," explains West, as the visiting party sample the delicate off-white slithers on a local oatcake.

The Hebridean Smokehouse products have a dedicated fan base around the world, including in Japan and in Thailand, where five-star hotels in Bangkok have gravlax and peat-smoke salmon on the menu. For the German market, the fillets are smoked with beechwood which bring out a sweeter taste. The business has a very large mail order component, which is 40 per cent of the annual £400,000 turnover. The produce goes in thermally-protected vacuum packaging and is safe for five days in transit. Typically, there is a use-by date of 28 days, but to be consumed within three days of opening. The Christmas rush causes a major challenge for this island company.

"That is one of the issues from a business point of view. We are very, very vulnerable. If there is a postal strike at Christmas, our business would just fold. We've had a situation where we could not use the plane and hired a lorry to Inverness to get it into the postal network there. It is

nerve-wracking," says West.

The products are premium Scottish seafood and a 250g packets of peat-smoked salmon, serving four people, are £21.85, while three 250g packets are £65.55p to be delivered in the UK, with that hitting £135.55 to be sent to Asia. A whole 700g side starts at £41.95 for the UK, rising to £111.95 for the consumers in Japan and China. The smokehouse recommends 130g per person as a main course or 80g for a generous starter. The famed Hebridean Gravlax costs £11.95 for a 100g pack.

This fragile export situation has encouraged the Hebridean Smokehouse to develop its own range of smoked salmon patés with cream cheese, horse radish, and another with Scotch whisky, for Waitrose, Fortnum & Mason and the Co-op, while West is heading East to leading department stores in Japan. "We're trying to move away from our dependency on mail order."

In 2018, West made five trips to the Far East to promote his products and he has been working with **Seafood Scotland** to increase local sales.

"Exports are really important for the industry but we want to increase the island and Scottish consumption of Hebridean seafood, so that it is on the menu in more mainland Scottish restaurants. The combination of export and more local Scottish sales complements the businesses and makes them more sustainable," says Clare Dean, marketing manager of Scottish Seafood.

The industry is acutely aware that it is in the spotlight and it is investing heavily to improve the quality and the conditions of fish-farming. The largest player is the Scottish Salmon Company which has 60 sites across two groups of fish farms, one in Argyll and Bute and the other in the Hebrides. The company employs 600 staff, half in the Outer Hebrides where they are the largest private employer, and recently opened its Harris & Lewis Smokehouse and restaurant in Stornoway.

A large chunk of this multi-million investment is in the breeding stock of salmon in special hatcheries.

Su Cox, business development director, welcomes our party to the Broodstock Centre for Native Hebridean, on Uist, a premium quality Scottish salmon, winner of Scotland's Foodservice Product of the Year in 2018, and endorsed by Gary Maclean, Scotland's National Chef and *MasterChef: The Professionals* winner.

"Behind all of our brands and everything we do is Scottish provenance. It takes us three years to grow a salmon from an egg and farm it, but in chicken production it's 40 days. Salmon fish farming is a long investment. Our total focus is on responsible growth and developing our Scottish brands for export. Native Hebridean we are doing something special. This isn't a brand, it is absolutely different."

The Hebridean brood stock was collected between 2006 and 2009 from wild Atlantic salmon depositing their eggs in the nearby river beside Lochmaddy. The Scottish Salmon Company, with more than 30 years' experience, has a long-term ▶

COMMENT

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Food sustainability: the impact on civil society

Years of demand in the UK for ever-cheaper food has had a hugely detrimental impact on our environment, the public's health and food security. This is not sustainable.

In July, the RSA Food, Farming and Countryside Commission produced its final report setting out a plan to radically transform the UK food and farming system so that it can be sustainable within 10 years. However, the global issue of food sustainability can also no longer be ignored. Each year, one third of food produced for human consumption ends up as food waste accounting for 3.3 billion tonnes of CO_2 when you consider the combined impact of the production, harvesting, transportation and packaging processes.

One of the main challenges faced by businesses in deciding what changes to implement to improve sustainability within the food industry is that official government policy and regulation can no longer solely be relied upon to steer the way. Other pressures are being brought to bear on companies in this sector like never before. Through litigation, NGO pressure, social media, shareholder activism and socio-political movements, such as Extinction Rebellion, civil society is influencing how companies are making decisions and taking action over and above that of the government.

This is challenging because the wave of pressure that can be created by civil society is unpredictable, and sometimes based on false or incomplete information. However, the expectation on businesses is nonetheless to react quickly to such pressure. The result of this is that well-intentioned investments, creating a net positive financial impact in the short term, could lead to stranded investments in the future should the government react differently and the regulatory landscape shift.

As businesses are forced to go beyond minimum legal requirements, careful consideration should be given to the longevity of their investments and what mitigation measures, such as contractual protections within the supply chain, are available to help increase the shelf life of that investment.

programme to select the best of the best from four generations of fish. In 2017, the family breeding unit was built on Uist. A female salmon can deposit between 8,000 and 12,000 eggs, with 2,000 kept to create a new breeding nucleus while the rest go off to a hatchery.

The brood stock centre is a first step in the Hebridean aquaculture, part nature and part science lab, and a massive hall of green tanks where millions of alevins turn to fry, swirling around against the tide in clear fresh water. For every 1kg of feed, which is a combination of fish meal and oil, non-GMO soya, selenium, and natural pigment for its colour, there is the production of 1kg of fish, which is an efficient return.

The brown fry flourish in fresh water for 14 months and develop as silvery smolt so they can osmo-regulate and be moved at the right time in a three to five week window into a marine environment. This breeding programme is a breakthrough of fish-farming in Scotland, moving the fry into the sea-loch pens. The fish farm biologists take blood samples to work out when this natural occurrence happens.

"This is the whole story of a native breed being farmed in its natural environment and then the final harvesting and processing is done on the islands," says Cox.

She also explains how salmon farming still takes up a fraction of the open sea lochs. "People forget how big Scotland is and how big Uist is never mind the rest of the Hebrides. So if all the salmon fish farms in Scotland were put together the total area would be equivalent to two golf courses."

The industry is still relatively new, having started in the late 1970s, and has been determined to improve its performance to ensure that the public understands this level of husbandry and the nutritional benefits.

"We are making sure we have interesting jobs for local people. We have planning, biologist, nutritionists, all sorts of jobs here in the Hebrides," she says.

While a typical fish processing worker is on fairly low wages – and many are Europeans who have been shaken by Brexit fears – the average salary, according to economist Richard Marsh, of 4 Consulting, is £34,000 a year. There are also now 250 modern apprentices engaged in the industry, including a growth in aquaculture from 10 a decade ago to 112 last year. The Scottish Salmon Company has its own aquaculture training programme running for the past four years.

Seafood Scotland, which helps market the various produce of Scotland's fishing industry, has been working to encourage the availability of premium seafood in hotels and restaurants in the Hebrides. On the far, far West coast of Lewis, in the spectacular setting of Uig Bay, the Uig Sands restaurant, run by Elly and Dickon Green, is attracting rave review as one of Scotland's hottest new places to feast on pan fried hake fillet, at £18.50, or hand-dived scallops and Stornoway black pudding at £27.50, and marvel at the spectacular sunset. There's even a rare Abhainn Dearg for single malt aficionados from the nearby micro-distillery.

In Stornoway itself, the Scottish Salmon Company has opened the Harris & Lewis Smokehouse attached to a modern timber-fronted eaterie, where those enjoying seafood can watch the smoking process, and wash down a local Harris ale or a gin from the Isle of Harris Distillery.

Gerry Corish, marketing director, explaining the rationale for the new retail venture, says: "We've set up this smokehouse as showcase for what we do. We take fish from our local processing just outside Stornoway, smoke it on site here, and create a destination where local people of Stornoway and Lewis can enjoy this fantastic product all the year around."

Whatever the perception of farmed Scottish salmon, there is no doubting its importance to our national food and drink menu, or exporting and job creation. And meeting the genuine and hard-working Hebridean people with a pride in this industry, there is a feeling that they don't want to cut corners.

There is a determination to make sure this is an outstanding world leading industry for Scotland. ■

Thanks to Seafood Scotland for their help with this trip to the Outer Hebrides.

We take fish from our local processing just outside Stornoway, smoke it on site here, and create a destination where local people of Stornoway and Lewis can enjoy this fantastic product

Gerry Corish, Scottish Salmon Company (above)

IN FOCUS: Loomshed Hebrides

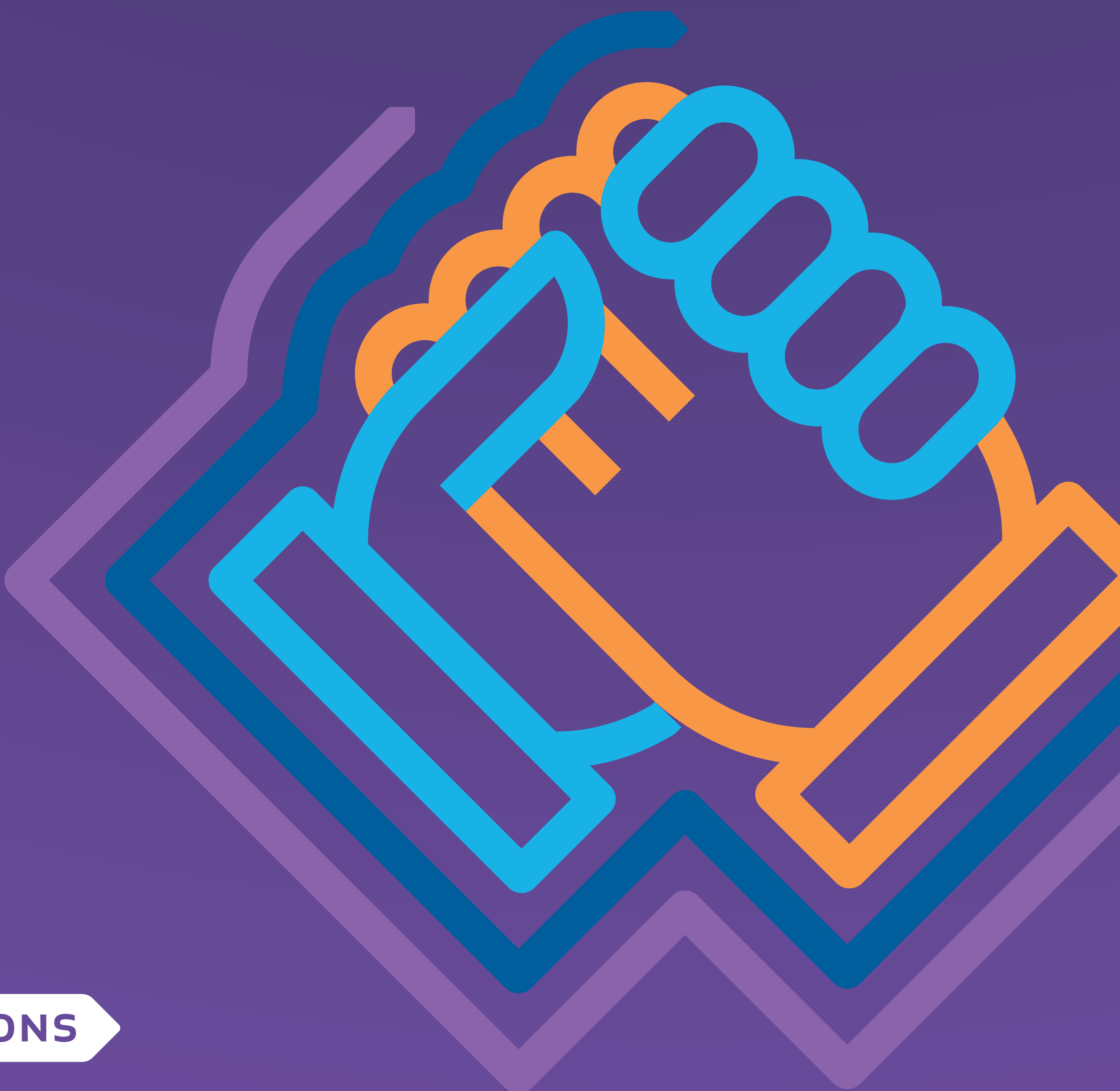
The outstanding success of the Isle of Harris Distillers, which attracting 91,000 visitors for its distillery tour and café in 2018, has inspired a local brewery to set up nearby.

Loomshed Hebrides, at Tarbert on Harris, is launching two house beers, Crofter IPA, and Iasgair, which means fisherman in Gaelic, a craft lager. A loomshed is where world-renowned Harris Tweed is traditionally woven.

As well as producing beer, the brewery, on the outskirts of the village on the road to Scalpay, is also another hub, like the distillery, where people can pop in, pass the time of day, share ideas and develop new products and recipes.

Head brewer is Calum Bennett, a fluent Gaelic speaker, who grew up on the Isle of Mull, and has been studying brewing and distilling at Heriot-Watt University in Edinburgh. He is in his mid-20s and wanted to bring beer-making to the outer islands.

The drivers behind the venture are Jamie McGowan, founder of Essence of Harris, and Robert McKinnon, who runs a five-star self-catering cottage in Seilebost, Harris and is chief executive of Outer Hebrides Tourism. The organisation has around 400 members and is promoting the 'Eat, Drink Hebrides' food trail running for three years.



HIGH SPIRITS AS SCOTLAND'S WHISKY MARKET EXPANDS

By KEN SYMON

THE DEAL by Asian investment house Hillhouse Capital to snap up the Loch Lomond Group is a clear indicator of the international interest that there is in whisky in Scotland.

The acquisition, for a significant figure believed to be £400m, aims to take the group and its brands such as Loch Lomond, Glen Scotia and Littlemill to the next level of international growth including focusing strongly on the market in Asia.

George Frier, a partner with law firm **Shepherd and Wedderburn**, who advised on the Loch Lomond Deal says: "Scotch whisky has had a great run, the contribution to the GDP of the UK let alone Scotland is absolutely massive.

"It's interesting that there is such interest from overseas investors; that will probably continue. Britain as a place to do business will still be regarded as geopolitically stable and attractive and if you want an iconic brand like scotch, you're going to have to come to Scotland to get it."

Frier explains the firm's involvement in the deal: "We conducted extensive diligence of the target and worked with Hillhouse's US lawyers who do their fund activity on the acquisition. It's a very interesting addition to the Hillhouse portfolio and I think it's a pretty significant deal for the Scotch whisky industry as a whole and indeed for the current deal marketplace."

The Hillhouse deal is the latest stage of development of a business set up and grown by Sandy Bulloch and family before being sold to Exponent Private Equity in 2014. The business now generates about 70 per cent of its revenue from more than 100 international markets as against less than ten per cent at the original buyout.

But the logic of the deal is for the business to further develop its international presence particularly in Asia where Hillhouse has deep knowledge and strong business relationships. Hillhouse also brings its experience in helping consumer brands such as Peet's Coffee and pet supplies group Gimborn expand their global presence.

The finances of such deals have obviously been helped by the changing foreign exchange landscape following the decision for the UK to leave the European Union but that only partially accounts for the current wave of investment in Scotch

Above: The Holyrood Distillery team

Scotch whisky has had a great run, the contribution to the GDP of the UK let alone Scotland is massive

George Frier, Shepherd and Wedderburn (below)

whisky. Frier says that investment is taking two forms. "There is investment in the product itself by laying down stocks, and malt whisky in particular is a long-term investment. As long as whisky is legal and within three years of distillation nobody would choose to sell it as such. Malt whisky typically has ten years maturity minimum before it is sold as a single malt. There is a lot of investment in whisky stocks being laid down right across the industry.

"But also there is the wider investment that is taking place in whisky as an experience and as a destination. It is part of the positioning of whisky as a luxury item, very distinctively Scottish and sitting very often in the most dramatic scenery which all amounts to a visitor destination where you can then showcase your product."

Scotch whisky very much lends itself to the modern era where the provenance of brands is very important. Frier says: "Yes, because it just oozes history, every drop."

It may ooze history but the industry has also made the most of being up to the minute by surfing the wave of current popularity. **Diageo** sought to capitalise on the popularity of the *Games of Thrones* TV fantasy epic by releasing a special edition of its top selling brand, namely White Walker by Johnnie Walker. It was part of the *Game of Thrones* collection which in addition to the brand featuring the feared enemy included eight malts from distilleries around Scotland each paired with one of the series' warring houses of Westeros.

It was an idea that worked in spades with increased sales boosting Diageo's results when they were announced in January. Diageo said: "Scotch growth was driven by Johnnie Walker, which delivered a strong performance with net sales up seven per cent, benefiting from the successful launch of 'White Walker by Johnnie Walker' inspired by the TV series *Game of Thrones*."

The tying of the distilleries in different parts of Scotland into the *Games of Thrones* special collection was a particularly clever move as Diageo significantly steps up its investment in its Johnnie Walker brand and the distilleries associated with it.

At the core of the £150m investment programme in the brand is the plan to turn the former

The impact from tourists that want to see first-hand where, and how, our national tipple is made, is being seen across a variety of industries

Colin Wells, Bank of Scotland

House of Fraser department store at the corner of Princes Street and Hope Street into a Johnnie Walker global visitor experience. Edinburgh City Council in May approved the planning application by Diageo and building owner Parabola, which takes in seven floors and includes an arts venue, rooftop bars, a drinks academy, superstore and celebration of Scotch whisky. Diageo's malt whiskies Glenkinchie, Cardhu, Caol Ila and Clynelish will be showcased at the visitor experience.

Diageo will use the investment to transform 12 distillery visitor centres across Scotland into Scotch whisky visitor experiences with the group's total investment including a further £35m to reopen distilleries at Port Ellen on Islay and Brora in Sutherland.

But it is not just the Highlands and Islands where distilleries and visitor centres are sprouting up. At the end of July single malt whisky distilling returned to Edinburgh city centre for the first time in almost 100 years.

Holyrood Distillery, which cost £6.7m and has created around 30 jobs, is the first operational single malt distillery in central Edinburgh since 1925 when The Edinburgh Distillery (also known as Glen Sciennes) closed. The distillery has been built in a three-storey Grade B listed former railway goods shed dating back to 1831.

Colin Wells, a regional director at **Bank of Scotland** outlines the background to this investment. "Visitor numbers to Scottish

IN FOCUS: Whisky tourism

SCOTCH whisky tourism saw record numbers of visitors in 2018, with more than a million visits to distilleries from tourists for the first time.The annual survey compiled by the Scotch whisky Association revealed visits were up 6.1 per cent year on year and 56 per cent more than in 2010.

The survey also showed spending at visitor centres was up by 12.2 per cent to £68.3m – an additional £7.4m compared with 2017 and 154 per cent more than in 2010 – a result of the continued industry investment in world-class tourist centres.

More than 20 different nationalities visited distilleries last year, with Germany and the US providing the largest number of Scotch whisky tourists.

Increased visits from France, Spain, and the Netherlands were also reported, as well as India and China. Collectively, Scotch whisky distilleries remain the third most visited attraction in Scotland.

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distilleries is the highest in nine years. And the impact from tourists that want to see first-hand where, and how, our national tipple is made, is being seen across a variety of industries.

"From local pubs to gift shops, the thirst from whisky tourists is a driver for growth. To support this growth, we've recently committed to lend £1.6bn in 2019 to help Scottish businesses create jobs, upscale and take advantage of the growing number of opportunities.

"But it's not just at home where businesses are thriving. Whisky accounts for 80 per cent of Scottish food and drink exports, and the demand shows no sign of slowing.

"Scotch whisky is exported to 175 markets worldwide. In 2018, the US was the top importer with the market worth £1.4bn, the equivalent to 137 million 70cl bottles. It's essential businesses embrace overseas demand to help boost revenue and resilience."

James Johnston is the chair of the **Malt Whisky Trail** in Speyside, the area which has the highest concentration of whisky distilleries in the world. He says: "What has really changed in recent years is the importance of the visitor experience. Whisky brands have realised that, in a crowded marketplace, consumers choose a whisky because they feel a personal connection to it.

"Visiting a distillery, seeing the clear water of the river that feeds it, handling the barley that creates fermentation and smelling the spirit as it matures in oak barrels is all part of an unforgettable experience which means that the visitor will probably stay loyal to that whisky for years.

"The Malt Whisky Trail was amongst the first to recognise this and the first trail to be established but now we are seeing the concept copied elsewhere, and millions of pounds being invested into visitor centres."

All of this has meant that Scotch whisky's contribution to the UK economy has grown by ten per cent since 2016 to £5.5bn, according to figures from trade body the Scotch Whisky Association.

Its research showed that whisky generates two-thirds of all the spirits' economic contribution – or gross value added – in the UK. The industry has been buoyed by record export figures which reached £4.7bn in 2018.


An artist's impression of the new Johnnie Walker visitor experience at 146 Princes Street, Edinburgh

In 2018, the US was the top importer of Scotch whisky with the market worth £1.4bn, the equivalent to 137 million 70cl bottles

IN FOCUS: 'Green' Glenmorangie

GLENMORANGIE is to cut carbon emissions at its Highland Distillery by 30 per cent as it pushes to become a more sustainable business. The single malt whisky has become one of the first in Scotland to use a 'virtual gas pipeline' for its distillery, allowing it to power its stills with the 'greener' energy of natural gas. Glenmorangie began exploring greener ways to provide power for its signature copper stills, the tallest in Scotland.

The distillery's boiler has traditionally run on heavy fuel oil. And although natural gas is a much cleaner fuel source, Glenmorangie's remote Highland location has always prevented it from accessing from the national network.

From this month, North Sea gas will be taken from the national gas transmission system, as it runs through Aberdeenshire.

The gas will then be transported by tanker to a newly-built storage facility near the distillery, before flowing into the boiler house to provide the power needed for distillation. The switch from heavy fuel oil to gas significantly reduces emissions at the distillery.

But hanging over this very positive picture is the shadow of Brexit. Frier at Shepherd & Wedderburn says: "Whisky is not perishable by definition so there is scope for players in the industry to be slightly more relaxed because the product they produce is not going to perish in contrast to other food manufacturers that we work with.

"You can imagine that speaking to people in the seafood sector, they are vey concerned, not so much with tariffs – tariffs are something that people can probably cope with – it's logistics.

"It's getting things through the border in a frictionless way; these things are massively important. It will be massively important to the Scotch whisky industry if free access to Europe is impeded but bear in mind that a large part of the Scotch whisky export market is non-European.

"It's fair to say that the industry would prefer a structured and sensibly agreed deal that preserves trading relationships. If there were to be a no deal, I don't think any of us know how that would play out but for the whisky industry it is potentially less damaging than it might be for others.

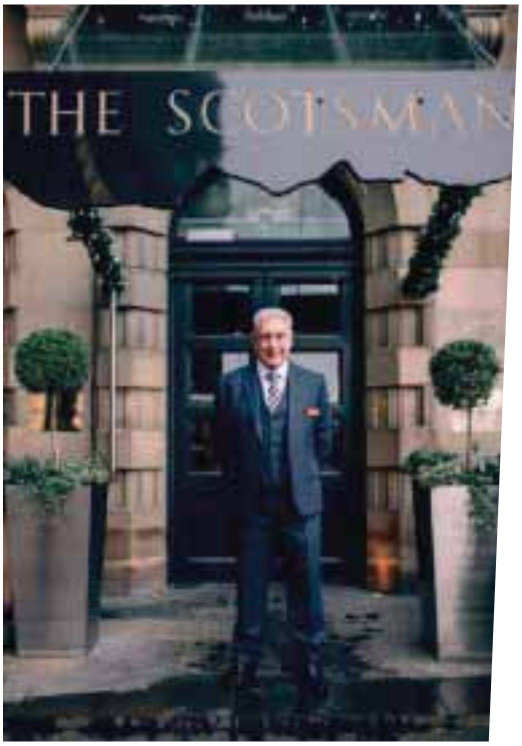
"The other big variable that has to be borne in mind is that if there are negotiations with other significant economies for trade deals post-Brexit, then Scotch whisky and others might be used as pawns on the board.

Tariffs could be applied on a selective basis to gain negotiating leverage at a political level; that would be highly undesirable."

Frier says his firm helped advise some whisky companies on their Brexit planning in the run up to 29 March including on the requirement in EU law that you have to be registered with the EU entity responsible for importation into the EU. Previously that entity could be the Scottish-based supplier.

He says: "If you didn't have that for all your distributors, then that could be a disruptive change to how you go about shipping your product. It would require as a minimum re-labelling of product so you would have an EU-compliant product and a rest of world compliant product."

But Frier adds: "Most of them were able to take these contingency steps and 29 March in many ways provided a dry run." ■


THE SCOTSMAN

in association with
Wright, Johnston & Mackenzie LLP

RESILIENT FARMERS BATTLE TO SUSTAIN A VITAL SECTOR

By GRAEME SMITH

UNCERTAINTY and adversity are natural challenges for Scotland's farmers – they come with the job. However, they are a resilient bunch who take most things in their stride. From droughts to floods and from changing market conditions to BSE they battle on to sustain a vital sector for the Scottish economy.

They are currently in the middle of a long-standing fight and one which, it has been predicted, could put some of them to the wall. It is the battle against the uncertainty of Brexit.

Jonnie Hall, director of policy for **NFU Scotland**, says that in spite of all the political developments over the past year nothing has changed for farmers.

"The UK and Scotland are heavily reliant on the European market in many senses so, to me, there are three fundamentally big issues that have stood out from day one.

"The first is around what sort of trading relationship we might have around Europe. The second is around people and the movement of people and therefore issues around labour

> **While the future of subsidies post-2024 is still unclear, reasons for owning land remain compelling**
>
> Hugo Struthers, Savills (below)

and labour availability. The final one will affect all of us. What will replace the Common Agricultural Policy (CAP)?

"We have cursed the CAP in many senses for 46 years now but nevertheless it has offered a high degree of certainty, if not a high degree of frustration in many cases, as to future support underpinning agricultural businesses. It has also brought about standards and regulations we have all adhered to and that has actually become really important in terms of selling our products.

"We need a commitment from the UK Government to protect standards and to also provide the necessary financial support for UK agriculture and Scottish agriculture. But equally we need the Scottish Government to develop and deliver agricultural policies so Scottish agriculture can produce high-quality food to high standards but also deliver on some of the issues of the day like climate change, water quality and the other environmental interests and continue to underpin both the food and drink sector and the rural economy.

"Whatever trading arrangements we have in the future we cannot expose ourselves to substandard or lower standard products.

"We are not in a 'stack it high sell it low' commodity situation. Scottish agriculture is based on provenance and quality and as soon as we go into any trading arrangement which turns a blind eye to provenance, quality and traceability we will get swamped with cheaper imports of poorer quality."

He says every area of Scottish agriculture would be exposed to risk from a no deal Brexit.

"Employment has already been affected and the skilled seasonal workers in the soft fruit and veg sectors and those in abattoirs and processing plants on a more permanent basis are real assets to Scottish agriculture."

Laura Boswell, a specialist in agricultural law with **Wright, Johnston & Mackenzie LLP**, says uncertainty north of the border has been compounded by the Scottish Government's decision not to take the same overarching framework as the UK Agriculture Bill now going through the House of Commons.

"Although there is uncertainty for farmers in the UK in general it is probably even more so in Scotland because they are still awaiting that Scottish Government Agriculture Bill.

"We expect it will have a similar theme in terms of moving away from it being a pure agricultural subsidy to more emphasis on environmental which is a big part of Agriculture Bill for the rest of UK."

Boswell who "has farming in her blood" having been brought up on a farm and having married a farmer, says that farmers are naturally resilient because they are aware of the impact fluctuations like poor weather can have on their businesses.

"They are always planning for the bad years but there is currently a level of uncertainty which is completely beyond anything they have had to cope with previously.

"Some tried to plan for Brexit on March 29 by stockpiling feedstuffs and preparing for it but it didn't happen so they lost out and they are reluctant to make plans for the future.

"There are two aspects to this – the subsidy regime without which many farmers would not be profitable

One of our clients produces farm machinery but has decided to look at more construction machinery because the farming industry is so unsure about what is going to happen

Kirsty Greenhill, AAB (below)

and farming income because we are reliant on worldwide markets and particularly the EU. If we end up with a no deal Brexit, we go into World Trade Organisation rules with huge tariffs.

"We need some sort of certainty sooner rather than later. The reaction to the current uncertainty is that farmers are not investing in their businesses and taking big decisions. That could leave Scotland lagging behind competitors in other countries who are continuing to invest and improve their businesses."

Kirsty Greenhill, virtual finance assistant manager at **AAB**, also says that investment by farmers had dried up because of Brexit uncertainty.

"One of our clients produces farm machinery but has decided to look at more construction machinery because the farming industry is so unsure about what is going to happen.

"We also have clients with traditional small hill farms which have been in the same families for generations and they are really worried because they rely on the subsidies they receive from Europe. If something similar to the Agriculture Bill going through the Commons comes to Scotland they might even end up with a bit more money than large arable farmers because it seems to provide payments for diversification and increasing public use of the countryside. They are in a better position to create holiday cottages, for example, which is just one of many diversification ideas. However, their main concern at the moment is simply whether they will survive."

Greenhill also comes from a family of farmers and she says sheep farmers in particular are worried about the impact of a no deal Brexit on lamb exports.

"It is really quite concerning as it could put them out of business completely.

"Rash and ill-thought out deals could also be very damaging. For example, Europe banned imports of American cattle and chickens because of the way they treat animals and chlorinated chicken. If that ban was lifted in Britain it would diminish standards and it would not only affect exports it would have a major impact within the UK because of cheaper imports."

Rob Edwards business development manager, agriculture, for tractor and heavy equipment manufacture **Kubota UK** says it has become clear that if farmers do not add more sources of income to their basic business models, they are in danger of going out of business.

"In particular, diversification is increasingly being seen as a great business opportunity," he says.

"At its heart, diversifying simply means becoming a better business manager – and thinking outside the box – in order to ensure that farms survive in the uncertain times we are living through. This could involve farmers selling something else, be it produce or something less tangible, like access to their surroundings or the environmental aspects of their land for leisure activities.

"Ultimately, the Agriculture Bill must provide our farmers with the support and tools they need to operate under the current pressures they face and enable them to survive and thrive post-Brexit."

Research by **Savills** suggests that Brexit-related uncertainty is weighing on Scottish farmers' minds and decisions over releasing farmland to the market continue to be delayed.

Only 16,200 acres of farmland were advertised in Scotland in the first half of 2019 a decrease of 31 per cent compared to the same period last year. Buyer behaviour has been less affected with relatively strong prices being achieved.

"We predict average values across Great Britain to remain stable, especially for good farms in a market where product is very limited," says Hugo Struthers, head of Savills Rural, Energy and Projects Division in Scotland. The average value of prime arable and grade three grassland across Scotland is now £7,600 and £2,800 respectively and this compares to around £8,700 and £5,500 per acre across the rest of the UK. "Adjustments are now creating opportunities for investors to make a reasonable return, although the quality of the property and sensible pricing is now more important than ever before.

"Looking at the Scottish estates market there are a growing number of sales where land, which was once deemed only suitable for sport, has been seen to offer alternative opportunities such as forestry, renewables, rewilding, conservation or tourism projects," he says. "This trend will continue to broaden the base of potential buyers, underpinning future values."

He adds that the love affair which many individuals have with Scotland has not diminished and there is a very healthy demand for all that Scotland has to offer. Fewer Scottish rural estates were launched on to the open market last year but global buyers now have an average budget of £7m compared to £3m just ten years ago.

"It is clear is that agriculture is transitioning into a self-sufficient industry less reliant on subsidies, with post-Brexit support anticipated to shift from payments for acres held, towards rewarding the green and 'public good' credentials of a property," Struthers says. "While the future of subsidies post-2024 is still unclear, reasons for owning land remain compelling. It's likely that those farms that offer 'something else' will fare as well as, or possibly better than, pure commercial units. More buyers will wish to re-purpose farmland whether for forestry, renewables, conservation, tourism or other natural capital projects - all of which are viable options throughout Scotland's rural landscape.

Diversifying simply means becoming a better business manager – and thinking outside the box – in order to ensure that farms survive

Rob Edwards, Kubota UK (above)

Farming in the blood: Laura Boswell, Wright, Johnston & Mackenzie LLP

"With Brexit looming and farming subsidies likely to reduce, it is inspiring to see so many rural businesses successfully diversifying into a range of highly entrepreneurial activities, thus tapping into new income streams, helping to revitalise local economies. Almost a third of UK estates are now capitalising on wellbeing and staycation trends, operating tourism businesses like glamping, farm shops, distilleries and adventure sports. A similar proportion open their house or gardens to visitors, while 25 per cent host weddings and receptions."

Bob Yuill, director of **ScotEID**, which works with the Scottish livestock sector and the Scottish Government to provide a robust traceability system believes that in a post-Brexit landscape, there's a risk that farmers, markets and abattoirs end up having to use traceability technology which will no longer be adequate for future needs.

"The livestock information service which DEFRA is currently procuring for England is a low frequency system that will become the requirement for Scotland, Wales and Northern Ireland post-Brexit so there is a UK-wide compatible system.

"We'd view this as a retrograde step for farmers and more importantly for the preservation and enhancement of the Scottish brand in a global food market.

"Scotland is a world leader in the technology. UHF systems are far more advanced and will allow us to compete globally. Being mandated to use a system based on 40-year-old technology will be a backward step for Scottish farming and its supply chains." ■

DON'T FALL INTO A LEGAL TRAP WHEN LOOKING FOR ALTERNATIVE REVENUE

Elisa Miller, Associate Solicitor at Wright, Johnston & Mackenzie LLP, discusses the growing trend of farm diversification – and the legal implications.

With Brexit fast approaching, farmers have never faced such uncertainty, and while it remains unclear what subsidies and grants will be available going forward, it's no wonder so many farmers are looking to diversify.

Farm diversification is when a farmer uses their land in alternative ways to generate additional revenue. As a solicitor, I've noticed a marked increase in farmers doing this in recent years, and while it's a positive concept, there are potential pitfalls and matters to consider to ensure you're covered from a legal point of view.

One of the more common types of diversification is opening a farm shop. This can involve selling produce directly from the farm, meaning members of the public will be invited on to your land. If you live on the farm and are there day to day, you'll likely think of it more as a place of work than a 'retail environment'. But if customers are going to be visiting and spending their money, certain regulations need to be followed.

Public safety must be taken into consideration, so it's vital a risk assessment of the area is carried out. Even if you intend to sell from an existing building with no alterations, if you're selling any kind of processed produce, you will still need permission.

Farm stays are another method of diversification which is becoming more popular. Many farmers are now either letting out their farmhouses or building holiday homes from scratch on their land, marketing them as the ideal place for an idyllic country getaway.

While this is a clever and fuss free (if letting out an existing building) way to generate an additional income, it's not without its fair share of legal considerations.

If building a holiday home from scratch, or altering a building on your land, it's vital to ensure all the relevant planning permissions and building control permits are in place. This may also include securing planning consent for a 'change of use', allowing you to let the building out to guests. Some local authorities require parties starting Airbnbs to obtain this 'change of use' consent, although this is a hotly contested topic at the moment as the debate around increasing regulation of Airbnbs heightens.

Elisa Miller

Other creative diversification options include hosting music festivals, selling Christmas trees or even opening your farm up to members of the public looking to get a taster of rural life. Again, all popular ventures, but ones which require various legal agreements such as public liability insurance or entertainment and alcohol licences.

While it may sound like a complicated process, a good solicitor will be able to look at your business plans and outline all the necessary legal steps to take to ensure you reap the benefits and don't encounter any pitfalls.

To anyone who's thinking about using their farm to generate a new income stream, my advice would be get in touch with a solicitor at the earliest possible stage. Don't start altering a building in the hopes of letting it out as a holiday home only to realise you can't get the relevant permissions. If you seek legal advice right at the beginning of the farm diversification journey, we can ensure you don't fall into any traps.

Born and raised on a farm in Caithness, Elisa specialises in commercial property and agricultural law. She has 12 years' legal experience which includes drafting foliage agreements, forestry land sales and leases, crofting transactions and farm sales and purchases.

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ISSUES OF TRUST LEAVE FACEBOOK WITH UPHILL STRUGGLE TO INTRODUCE LIBRA CURRENCY

IN A BREATHTAKING lack of self-awareness, Facebook, the least trusted company in the world in protecting customer's personal data, has announced that it plans to launch a new digital currency. It is to be called Libra.

As the use of any currency is dependent on having absolute trust in those who operate it, it may seem odd that it is to be led by Facebook, which has been described by Sherrod Brown, the most senior Democrat on the US Senate banking committee, as a company that has 'burnt down the house over and over and called every [act of] arson a learning experience'. The participation of generally more trustworthy partners in the scheme, such as Visa, Mastercard and Paypal, will be vital to achieving acceptance.

> When Facebook cancels the account of such transgressors they simply pop back up again with a different identity

David Marcus, a former CEO of Paypal has pointed out that Facebook would need to make strong commitments on privacy and security to win back users' trust.

Libra, which is to be run by an independent Swiss-based, not-for-profit organisation, is now reaching out to governments around the world for permission to operate in their various economies, but at the recent meeting of G7 finance ministers last July, a fair amount of cold water was poured on their plans.

French finance minister Bruno Le Maire declared that no independent currency could be allowed to assume the level of power or role enjoyed by sovereign currencies, and Olaf Scholz of Germany demanded that strict legal and regulatory questions be resolved before it could be be permitted.

A key risk is that this no government anywhere will allow this new currency system to become a channel for anonymous players to engage in money laundering and so it will have to achieve a very high standard of transparency and identification of identity; and, as it happens, Swiss regulators don't have much of a reputation for ensuring either of those.

But to have a hope of being allowed it will have to be achieved. Everybody with a Libra account will need watertight proof of identity. Pretending to be a different person or organisation than you really are will be completely unacceptable.

This may not be easy, but it certainly can be achieved – tiny Estonia do it for every citizen – a properly managed blockchain-enabled proof of identity is quite capable of proving that you are who you say you are.

And I suspect that this is one of the major reasons that Facebook is driving this initiative; for Facebook has a huge problem with determining the identity of its members – with anonymous users posting libellous, offensive, fake news or otherwise illegal postings. When Facebook cancels the account of such transgressors they simply pop back up again with a different identity. This makes it impossible for Facebook to regulate its content in the way that so many governments are demanding.

In Germany for example, which has very strict anti hate-speech laws, Facebook is forced to employ more than 1,200 moderators, about ten per cent of the total, to check and censure content and avoid fines which could otherwise amount to €50m.

In the long-term I have no doubt that Facebook would very much like to have a proof of identity solution for as many of its 2.4 billion users as possible, and that once such a system is established it could undoubtedly offer this highly valuable feature to others, for a small fee.

A lot of fuss has been made about Libra as a currency, but the real goal is probably to absolutely prove that you are you. ■

Ian Ritchie is a leading businessman who advises start-up technology companies.

HYDROGEN FUEL CELLS: THE KEY TO UNLOCKING SCOTLAND'S GREEN INDUSTRIAL FUTURE

in association with

SHEPHERD+ WEDDERBURN

By MICHAEL FEELEY

IN JUNE 2019, at the request of the Government of Japan, the International Energy Agency (IEA) submitted a landmark report to the G20 summit in Osaka, focusing on hydrogen's potential to play a key role in a clean, secure and affordable energy future. The report noted that clean hydrogen is currently enjoying unprecedented political and business momentum, with the number of projects around the world expanding rapidly.

Hydrogen offers ways to decarbonise a range of sectors – including long-haul transport, chemicals, iron and steel – which could meaningfully reduce emissions that contribute to global warming. Its incredible versatility enables hydrogen to be produced, stored, moved and utilised as energy, an energy vector, in a variety of ways. It can be transported as a gas by pipelines, in liquid form by ship, can be transformed into electricity and methane to power homes and feed industry, and processed to provide fuel for cars, trucks, ships and planes.

Crucially, hydrogen is also the missing piece of the jigsaw in enabling existing renewable technologies, such as solar photovoltaics (PV) and windfarms, to provide a greater contribution than at present. Hydrogen gas has the highest energy density of any fuel, making it one of the leading options for storing and transporting energy from renewables whose availability is not always well matched to demand. In addition, the stable chemistry of hydrogen also means it can store energy longer than any other medium.

Hydrogen is also the missing piece of the jigsaw in enabling existing renewable technologies, such as solar photovoltaics and wind farms

While it's not surprising that Japan should be a frontrunner in the development and utilisation of hydrogen fuel cells, more unexpected is that, when a Japanese delegation recently visited the ground-breaking hydrogen project in Levenmouth, Fife, they were amazed and delighted at what they found: a fully-operational system demonstrating the viability and versatility of 'green hydrogen'.

Advocates of hydrogen technologies believe that with the long-term investment and stakeholder buy-in required, Scotland has the capability to transform its entire energy sector to become cleaner and more efficient, while contributing significantly to the Scottish economy. Jobs will result not only in R&D and industry, but community-led employment from the training, installation, operation and aftercare of the increasing number of hydrogen technologies used across the country. In addition, Scotland will also enjoy increased revenue from the export of hydrogen technologies and skills as additional countries around the world attempt to follow our example.

Hydrogen on the rise

According to Nigel Holmes, chief executive of the **Scottish Hydrogen Fuel Cell Association** (SHFCA), the last two years has seen a transformation in the number of hydrogen energy projects happening in Scotland and a growing recognition of Scotland's reputation in the field. Holmes says: "There are lots of people all over the country working hard to make this happen. The SHFCA is one of the largest and most proactive associations of our type in Europe. We have university members, colleges, local authorities, city members, SMEs like **Logan Energy**, micro-companies, individuals, and larger companies like Doosan in Renfrew, who are active in large fuel cell production. The role of the association is to help bring those people together to see the opportunities and articulate what is going on in Scotland, and to spread that message both at home and internationally.

"We've been fortunate that the Scottish Government's policies on increasing the uptake of renewable energy have been very well aligned with what we need to do with hydrogen. Through the use of hydrogen and fuel cells, we can help to power the electricity networks, fuel clean transport and eventually decarbonise the gas network. Hydrogen fuel cell technology could be a massive contributor to helping us reach that goal of 'net zero' emissions by 2045, which is an ambitious target as things currently stand."

Holmes points to work going on in Orkney as a fantastic example of how hydrogen technology can be applied smartly to solve local problems. He says: "It's an incredible story as we had our annual conference in Orkney in 2015 and at that time there was almost no hydrogen activity there at all. Less than four years later, Orkney is now seen as one of the leading examples worldwide of deploying hydrogen as part of a low carbon energy system. They're using stranded wind turbines to produce the hydrogen via electrolysis of water; they're moving the hydrogen by trailer; they have a refuelling station; they're using fuel cells to power ships when they are dockside in Kirkwall; they have some fuel cell vans and, most recently, a hydrogen heating system has been commissioned to be installed at a local school.

"In Orkney, they've realised how to make hydrogen technology work for them and address the particular issues they face. They have lots of renewable energy and want to get away from a dependence on imported fossil fuels. They want to keep the production of their energy local and in doing so they are helping to decarbonise their energy network and become far more self-sufficient.

Holmes says: "There's no reason why the principles shown in Orkney and Levenmouth could not be applied throughout Scotland on a much larger scale and we can become far more self-sufficient as a country with clean, green energy."

The role of the association is to help bring those people together to see the opportunities and articulate what is going on in Scotland

Nigel Holmes, Scottish Fuel Cell Association

Above: Refuelling a hydrogen fuel cell, extended battery electric Renault Kangoo. In the image, this is being carried out at Logan Energy's hydrogen refuelling station at the Levenmouth Community Energy Project

Bill Ireland, CEO of Logan Energy, which designs, installs, commissions and maintains fuel cell and hydrogen energy systems in the UK and is helping with the integration and implementation of the tech behind the Orkney projects, says: "Scotland has a genuine opportunity to become a global leader in the exploitation of hydrogen technology, but it's far from guaranteed. The moves we make over the next few months will be crucial in deciding whether we capitalise on that potential or fall behind others who are running at the opportunity."

Kingdom of hydrogen

Fife is another Scottish hotspot for hydrogen fuel cell tech, which led the way with The Hydrogen Office demonstration site and the Levenmouth Community Energy Project in Methil. Logan Energy was closely involved in both projects.

Ireland says: "In partnership with Bright Green Hydrogen, Toshiba, and Fife Council , the facility at the Levenmouth Community Energy Project was constructed to demonstrate green hydrogen as a viable medium for energy storage, grid balancing, electricity generation and transport fuel. When we showed the Japanese delegation what we'd achieved at Levenmouth, they were amazed. They told us that the system we already had up and running addressed many of the problems that they were still discussing back at home on the drawing board."

Logan Energy designed, built, installed and commissioned the hydrogen system for the project. The facility produces compressed hydrogen through electrolysis from surplus electricity generated by a 750kW wind turbine and 160kW solar photovoltaics. An electrolyser creates around 100kg of hydrogen per day for the onsite hydrogen storage requirements, which is then used in a 100kW PEM fuel cell to generate electricity for the micro-grid at times when demand is higher than the renewable energy supply. Two further electrolysers, a 60kW PEM electrolyser and a 60kW alkaline electrolyser each generate around

24kg of hydrogen for two vehicle refuelling systems. This hydrogen is stored at 450 bar and then used to fuel a local fleet of hydrogen-powered vehicles.

Ireland says: "The project in Fife was a great springboard for us. Lots of people from all over the world have visited that site, which led to further work for us. In recent years, we've delivered projects for brands such as The Crown Estate, Land Securities, Canary Wharf, Transport for London and SSE, where we installed Combined Cooling Heat and Power fuel cell installations. We're now exporting hydrogen systems to Germany, Spain, Ireland and looking to expand further afield."

While the Levenmouth project focuses on 'green hydrogen' produced from excess electricity generated by renewables, Ireland believes that in order to meet the 'net zero' emissions targets set by government, it will be necessary to make use of a combination of "green" and 'blue hydrogen', extracted from natural gas in combination with Carbon Capture and Storage (CCS) systems which need to be developed on a large scale. CCS systems capture CO2, compress it and use decommissioned gas pipelines to carry the gas offshore and store safely under the seabed. Given the number of decommissioned natural gas and oil fields, some of which are now sinking, replacing the extracted gas and oil with CO2 represents an added bonus.

"Generally speaking, we need to start thinking bigger on the potential of hydrogen," adds Ireland. "At Logan Energy, we're not about selling kit, we're about delivering the right energy solutions, so we're moving beyond the 'demonstration project' phase on to commercial deployments. The technology is ready. In the Netherlands, for example, projects are being planned to create huge Giga Watt windfarms in the North Sea, feeding electrolysers on artificial islands, which in turn produce green hydrogen and pump it back to the mainland via decommissioned natural gas pipelines.

"We need to be looking at projects on that scale in Scotland. Hydrogen projects tend to come with higher upfront capital costs and the benefits are recouped over time, so there's often reluctance in political will to greenlight projects that won't bear fruit within the lifetime of a parliament. There are signs, though, that things are beginning to change."


The Hydrogen Office at the Levenmouth Community Energy Project

The moves we make over the next few months will be crucial in deciding whether we capitalise on that potential or fall behind others who are running at the opportunity

Bill Ireland, Logan Energy (below)

Scottish cites get on board

In December 2013, the **Scottish Cities Alliance** began work on a strategy to develop the hydrogen economy in Scotland. Twelve months later, the Alliance produced a report agreeing to pursue activity centred round the following four areas:

- Large scale deployment of Hydrogen fuel cell buses;
- Hydrogen refuelling station infrastructure;
- Greening council fleets;
- Production of green Hydrogen from renewable electricity.

Focusing activity around these four areas, the Alliance reasoned, would allow Scotland to position itself as one of Europe's leading early adopters of hydrogen technology and attract inward investment into sectors such as manufacturing, engineering and energy.

In addition, the strategy argued that adopting a collaborative cities approach to building the Hydrogen economy would provide Scotland with the necessary scale to attract funding and accelerate its transition to a low carbon economy, thereby tackling air quality issues, de-carbonising transport and ensuring energy security. Hydrogen project officer at the Scottish Cities Alliance Fiona Landy, says: "Scottish cities are key enablers to drive forward the low carbon agenda for Scotland and it is very much at the forefront of our cities' ambitions. Hydrogen can play a very important part and the cities are working collaboratively to bring about initiatives with scale that can seriously make an impact within this sector and attract inward investment."

In 2014, the Alliance entered into a Memorandum of Understanding with the Fuel Cell and Hydrogen Joint Undertaking (FCH-JU) to participate in a European-wide commercialisation study for the deployment of large-scale hydrogen fuel cell buses and hydrogen refuelling infrastructure across Europe. This project seeks to supply cities with a commercial and affordable offer for zero emission buses that provide the same range and operational flexibility as diesel buses.

Landy says: "Developing a Scottish supply chain within this sector is of paramount importance. Aberdeen City Council has been at the forefront of building a hydrogen economy and is a partner, along with Dundee City Council in the most ambitious pan-European projects – JIVE/JIVE2 to bring about the commercialisation of hydrogen refuelling infrastructure and hydrogen fuel cell buses.

"From this initiative, two UK leading bus manufacturers have become involved. The first of the double-deckers to be deployed in Aberdeen are from Wright Bus in Northern Ireland. Alexander Dennis – a leading Scottish bus manufacturer – launched their own double decker fuel cell electric bus earlier this year and these will be adopted across cities and regions in Scotland."

Nigel Holmes believes pioneering projects like the introduction of hydrogen buses in Aberdeen will prove to be highly significant: "The market for hydrogen fuel cell solutions has been kick-started by local authorities in Scotland. In 2013 there were maybe one or two vehicles in the whole of Scotland running on hydrogen.

From 2015, there was a fleet of 10 buses in Aberdeen, which will soon grow to a fleet of more than 50 hydrogen vehicles. More than a million journeys have now been taken on those buses, which matters a lot, as this means more people are being introduced to the technology.

NHS Scotland in Aberdeen is using Toyota fuel cell cars as part of their fleet. One of the car clubs in Aberdeen is also leasing fuel cell cars to the public. This is the way that awareness is raised and the market for hydrogen fuel cell energy solutions is grown."

Brexit and other barriers

One major cloud on the horizon of the hydrogen sector in Scotland is, of course, Brexit. According to Bill Ireland, his contacts in the academic community are already taking a hit. He says: "There are European projects out there that previously would definitely have involved Scottish universities, but since the vote to leave, more and more projects are passing us by.

"Being inside the EU would make things easier for a company like Logan Energy for sure, but we've set up a company in The Netherlands to help protect our access to the European marketplace.

"In light of Brexit, though, the UK bodies responsible for funding innovation in hydrogen really need to step up to the mark. I haven't heard too much yet about how they propose to plug the R&D funding gap that Brexit will create for academia and industry or legislation to encourage deployment. It's important that they find ways to support micro-organisations in this sector as that is usually where true innovation takes place."

> **Scottish cities are key enablers to drive forward the low carbon agenda for Scotland and it is very much at the forefront of our cities' ambitions**
>
> Fiona Landy, Scottish Cities Alliance

Holmes believes that it's important for those pushing hydrogen as a green solution to be clear and honest about the economic benefits possible: "People love to say things like 'this will create X number of jobs for Scotland', but this situation is a bit different from that.

As government moves towards decarbonising the energy network, Scotland has thousands of jobs at risk in the traditional energy sector. By embracing hydrogen solutions, we have a chance to manage the human impacts of a transition from a carbon-heavy to a carbon-light industrial economy.

The transition has to be a just one and avoid the impacts on communities that accompanied the rapid deindustrialisation of the 80s and 90s."

When it comes to maximising the potential of hydrogen technology in Scotland, it seems the power is in our own hands. ■

COMMENT

Gareth Parry
Partner and construction and engineering specialist, Shepherd and Wedderburn

Hydrogen – an energy source whose time has come

Hydrogen, long touted as a potential green energy source, is finally capturing the imagination of industry, investors and policy-makers.

As a fuel, hydrogen gas burns with oxygen to make water vapour. It is the universe's most abundant element, though paradoxically it is not readily available on Earth, and must instead be extracted from water and hydrocarbons, traditionally through the application of heat in a process called steam reforming.

A cleaner way to produce hydrogen uses electricity in a process called electrolysis, and this is the game-changer, allying renewable energy sources to production with low to zero greenhouse gas emissions.

Transportation, energy storage and heat production are all key sectors in the creation of a decarbonised economy, and all of them could benefit from the greater use and adoption of hydrogen.

Transportation

Shepherd and Wedderburn's involvement in the hydrogen economy began in 2015 when it advised on the H2 Aberdeen bus fleet project – then Europe's largest hydrogen-fuelled transport demonstration project.

Buses are refuelled daily via a 1MW electrolyser and storage facility on a dedicated site, making a viable case for creating a network of production, storage and fuel dispensing hydrogen stations.

Renewables

Renewable energy is now mainstream, but remains an intermittent power source. Hydrogen energy storage is scalable, and can store surplus power for redistribution when demand peaks.

We have acted on a raft of on and offshore wind projects, and now on adding adjacent battery storage projects, and hydrogen storage is already featuring in renewable energy network planning.

Gas Network and CHP

Converting the existing gas network to hydrogen would provide cost-effective, decarbonised heat, and we have worked with public and private sector developers on decarbonised heat network projects involving water and ground source heat pumps as well as geothermal heat sources. The option also exists to combine these with adjacent hydrogen production and storage facilities.

This could be extended to convert combined heat and power (CHP) plants to deliver cheaper fuel to business and drastically reduce emissions.

With a collective will to decarbonise, and significant investment, hydrogen could be powering our economies sooner than we think.

QUARTER ENDS WITH A FLURRY OF TRANSACTIONS

By PERRY GOURLEY

MANY SCOTTISH dealmakers will have been checking their emails rather more than usual during the traditionally quieter summer months this year. Although the number of transactions completed during the second quarter was down on the same period last year – continuing the lower volume trend seen since the start of the year – a flurry of major transactions were seen in the run up to the period end and in the weeks since.

Jason Morris, head of deals at **PwC** in Scotland, explains that as soon as Brexit was pushed back, the start button was pressed on a significant number of deals with activity across financial services, manufacturing and food and drink.

"It has been an incredibly busy summer period and we can now see another batch of deals in the pipeline with quite a few of those looking to get away before the end of October," he reports.

Although Donald Munro, head of corporate at **Harper Macleod**, says economic indicators and statistics for overall corporate activity levels may paint a rather gloomy picture "sometimes you have to rely on what you're seeing first-hand".

"We have been absolutely inundated and even the traditional summer drop off didn't occur this year. In fact, we've been recruiting corporate lawyers and that's the best indicator I know for the state of play," he says.

> **We have been absolutely inundated and even the traditional summer drop off didn't occur this year**
>
> Donald Munro, Harper Macleod

The heightened activity means that Mark Ellis, head of corporate finance at **Burness Paull**, says he is currently seeing "fierce competition amongst investors with very attractive terms being available for sellers and management teams".

Above: Peter Atkinson, Macfarlane Group chief executive, whose company has bought Ecopack (UK)

in association with

A+B WEALTH CHARTERED FINANCIAL PLANNERS

Major Scottish deals completed recently include Edinburgh-headquartered fintech FNZ, itself the subject of one the largest acquisition deals seen in the sector last year, hitting the acquisition trail twice to buy a UK software firm along with Australia's GBST in a £152m deal.

In oil and gas, French energy giant Total divested a package of North Sea assets to Oman-based Petrogas in a deal worth more than £510m.

But the stand-out deal of the quarter was the one which saw Falkirk-based bus builder Alexander Dennis (ADL) bought by Canadian company NFI Group for £320m.

Barry McCaig, head of **Pinsent Masons**'s Glasgow office who acted for the firm's chief executive Colin

Robertson and the management team, says the deal underlines how successful Scottish businesses are an attractive proposition for international corporations.

"ADL has to be seen as a fantastic Scottish export success story. This was a business bought out of administration only 15 years ago and has been developed by Robertson and his team in that time into a world class proposition.

"It demonstrates that Scotland is capable of producing first class, professionally-run manufacturing businesses and the acquisition by NFI will propel ADL to the next level on a global stage."

ADL, Britain's biggest bus and coach manufacturer employing 2,500 people, was 50 per cent owned by Stagecoach founders Ann Gloag and Brian Souter.

The Souter family investment vehicle, Souter Investments, will retain an equity interest in the business after being issued shares in NFI as part of the transaction. Other advisors on the deal included Lazard, Deloitte, CMS and Dickson Minto.

In another major overseas acquisition deal Asia-based Hillhouse Capital bought whisky producer Loch Lomond Group from UK private equity player Exponent for an undisclosed sum.

The deal includes the sale of the Loch Lomond malt and grain distillery at Alexandria in Dunbartonshire and Glen Scotia distillery in Campbeltown.

Loch Lomond had been under the ownership of Exponent since 2014 when it was acquired from the Bulloch family.

Chief executive Colin Matthews says he believes it is the right time for the company to move into the next stage of its growth strategy and expand its international presence, particularly in Asia where Hillhouse has significant experience.

Advisors on the deal included PwC, Deloitte, Brodies and Wylie & Bisset.

Edinburgh IT security services company Adarma, previously ECS Security, was also the subject of a management buyout led by David Calder and Nathan Dornbrook with capital from private equity investor Livingbridge and debt from Bank of Scotland.

Brodies, Pinsent Masons, Shepherd and Wedderburn and PwC were among the advisors on the deal.

Doug Crawford, a partner in Brodies' corporate team, says the transaction "demonstrates that Scottish-based targets continue to prove attractive to UK and overseas private equity, especially where the target has a distinct sector specialism".

On the acquisitions trail: Wellpro operations director Grant Forsyth (left) with CEO Jim Thomson

However, although in the North Sea Crawford says sector specialist oil and gas funds are "fully engaged" and are investing in a mix of production and service assets he says the generalist private equity funds have yet to be tempted back to the sector in any meaningful way.

"With a limited number of locally-based private equity houses and a limited track record of MBO activity in the central belt, the overall volume of Scottish MBOs remains a work in progress," he says.

Scotland's barren spell for flotations continued with yet another quarter passing by without any activity.

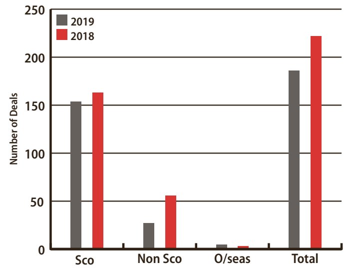
While there are a number of Scottish firms – including the likes of BrewDog – touted as possible IPO candidates on the longer-term horizon, PwC's Morris says even if investors are considering the route they would choose to run a dual track process rather than limiting their options to an IPO.

"They would keep the possibility of an IPO open but would also be looking for a private buyer and then just see what happens," he points out.

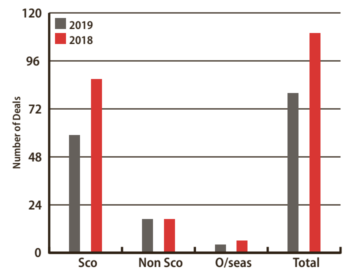
Shuna Stirling, head of corporate & commercial at Brodies, believes there is room for optimism that more Scottish companies may look to join the stock market in the years ahead.

"With the UK-listed markets being seen as a safe haven for investment by global investors, there is often intense competition and over-subscription to new issues, and that can lead to remarkable initial market capitalisations," she says.

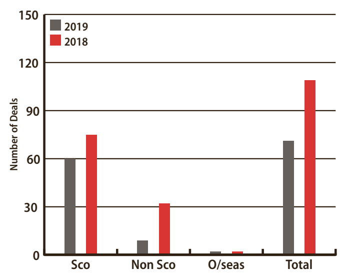
Acquisitions/Sales



New issues/Joint ventures



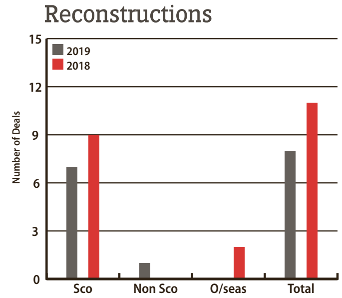
Specialist banking



£320m

The value of the deal for Falkirk-based bus builder Alexander Dennis

Reconstructions



"As a result, while few Scottish companies currently see a full or alternative market listing as a viable exit or fundraising route, there is reason to believe that the number of Scottish-based companies coming to the public markets might improve. However, it may take a shift in mind set from owners and advisors alike before we see the numbers improve dramatically."

However, the quarter saw continued M&A activity by existing Scottish plcs including Glasgow-based Weir Group completing the sale of its Flow Control division to First Reserve in a £275m deal.

Packaging group Macfarlane, one of the most active on the M&A trail in the sector in recent years, bought Ecopac (UK) of Aylesbury, Buckinghamshire in a deal worth up to £3.9m.

AIM-listed fintech Beeks Financial Cloud also acquired the assets of US-based Commercial Network Services. Paisley-based Beeks said the deal adds additional customers and data centre locations and is expected to deliver cost synergies.

The quarter also saw a number of Scottish firms acquired by UK buyers. Testing and inspection firm Phenna Group of Nottingham used funding secured as part of an MBO to buy Dalgety-based document management business First Scottish Group.

In the energy services sector, London-based private equity firm Blue Water Energy acquired Huntley-based welding firm Pipeline Technique from Heerema Marine Contractors for an undisclosed consideration.

A number of Scottish firms also went south of the Border to expand their operations including Dundee-based life sciences and healthcare staffing group Entrust Resource Solutions which acquired Cheshire's SCI Search and Selection having previously bought Horton International of Oxfordshire.

The growing trend for business owners to hand control of their companies to their staff continued during the second quarter with a number of employee buyouts completed.

They included Shetland-based

NFI president Paul Soubry (left) with Colin Roberts, Alexander Dennis chief executive

We're seeing international buyers looking beyond Brexit to meet strategic aims and that trend is likely to continue in the period ahead

Ally Scott, EY

ESPL Regulatory Consulting which provides specialist regulatory services to the life sciences and pharmaceutical industries.

The transfer was supported by Highlands and Islands Enterprise, Co-operative Development Scotland and consultancy Ownership Associates.

Susan McFadyen, a partner at **Blackadders** who worked on the deal, says the employee ownership route is "an excellent succession option for businesses who are committed to long-term success in their local communities.

"The employment is sustained as long as the company is successful, and the owner can exit at their own pace having achieved a fair price for their business," she says.

More than £23.8m of venture capital was invested into Scottish start-ups in the second quarter, with the bulk of funds spent on technology and healthcare businesses.

Figures compiled by Pitchbook for **KPMG**'s Venture Pulse Survey showed that deal volume is up while funding value is down, with investors becoming increasingly risk averse, as political and economic uncertainty continues to grow.

James Kergon, head of deal advisory at KPMG in Scotland, said: "While it's reassuring to see such a wide range of Scottish businesses attracting VC investment from around the world, the dip in funding levels is slightly concerning."

Deals included Aberdeen-based Enterobiotix attracting over £2.4m in seed funding to help it develop pioneering new medicinal products to restore health and prevent bacterial infections.

Elsewhere, 'vertical farmer' Intelligent Growth Solutions, which uses advanced LED lighting and hydroponic watering systems to grow crops, secured £5.4m with Chicago private equity firm S2G Ventures leading a Series A round with California-based AG Funder and the Scottish Investment Bank also backing the business which is based on the outskirts of Dundee.

Other highlights during the quarter included Glasgow healthcare data start-up Talking Medicines securing its first institutional investment as part of a funding round worth £622,000 to support the next stage of its growth.

The funding round was led by SIS Ventures – the investment arm of Social Investment Scotland – and included investment from private backers and founders of the business, as well as the Scottish Investment Bank.

Although the continuing Brexit uncertainty is undoubtedly causing hesitancy in some quarters of the deals market, Ally Scott, **EY**'s head of transaction advisory services, believes Scotland's attractiveness to overseas investors will play an important role in underpinning future activity levels.

"Ongoing development of software and technology, a strong performing life sciences sector, and the capability of our financial services remain central themes in attracting global investment," he says.

"We're seeing international buyers looking beyond Brexit to meet strategic aims and that trend is likely to continue in the period ahead as investors seek to make the most of relatively weak sterling." ■

TOP PERFORMERS

among Scotland's Investors/Advisors January 2019 to June 2019

INVESTORS	No. of deals	Value
Scottish Enterprise	23	>£25.84m
Par Equity	7	>£7.76m
Equity Gap	5	>£7.2m
Maven Capital Partners	5	>£6.98m
Clydesdale Bank	3	>£7.8m
University of Strathclyde	3	>£4.14m
Energy Ventures	3	>£2.49m
Kelvin Capital	3	>£1.96m
Santander (Scotland)	3	>£1.7m
Techstart Ventures	2	>£2.39m
Panoramic Growth Equity	2	>£1.5m
Scottish Growth Scheme	2	N/D

**incl Scottish Investment Bank 5 @ >£5.11m, Scottish Loan Fund 2 @ >£2.49m. All others were non-Scottish or participated in one deal only.*

LAWYERS	No. of deals	Value
Burness Paull	62	>£22.86bn
Brodies	59	>£359.26m
Addleshaw Goddard	31	>£158.27m
Dentons (Scotland)	30	>£8.44bn
Shepherd & Wedderburn	29	>£12.21bn
Harper Macleod	29	>£4.29m
Pinsent Masons	25	>£581.91m
Macdonald Henderson	19	>£0.6m
Lindsays	18	>£4.85m
CMS	17	>£429.05m
Blackadders	15	N/D
MacRoberts	14	>£46.66m
Morton Fraser	13	>£100.34m
DLA Piper (Scotland)	12	>£2.31bn
MBM Commercial	11	>£16.22m
Thorntons	11	>£8.53m
Bellwether Green	8	>£0.3m
Stronachs	8	N/D
Wright Johnston Mackenzie	6	>£12.2m
Vialex	5	N/D
Anderson Strathern	4	>£73.34m
Davidson Chalmers Stewart	4	>£0.16m
Grant Smith Law Practice	4	N/D
Blackwood Partners	3	>£20.49m
Gillespie Macandrew	3	>£5m
Aberdein Considine	3	N/D
Holmes McKillop	3	N/D
DWF	3	N/D
Shoosmiths	2	>£21.7m
Miller Samuel Hill Brown	2	N/D

All others were non-Scottish or participated in one deal only.

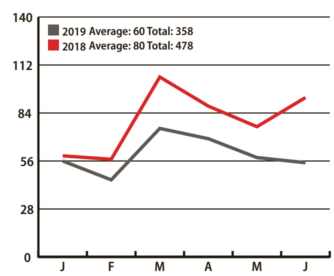
ACCOUNTANTS	No. of deals	Value
Anderson Anderson & Brown	21	>£1.8m
Johnston Carmichael	15	>£80.68m
KPMG	11	>£101.66m
Consilium	7	>£12.69m
BDO	6	>£20.6m
Campbell Dallas	6	N/D
Craig Corporate	5	>£41.07m
Grant Thornton	5	N/D
RSM	4	N/D
Robertson Craig & Co	4	N/D
Hall Morrice	2	>£18m
Scott-Moncrieff	2	N/D
Infinity Partnership	2	N/D
Henry Brown & Co	2	N/D
EQ Chartered Accountants	2	N/D
Henderson Loggie	2	N/D

All others were non-Scottish or participated in one deal only.

SECTOR BREAKDOWN	No. of deals
Banking & Finance	35
Construction	8
Distribution & Wholesale	4
Drinks (+soft)	12
Electronics	18
Engineering	9
Food & Farming	20
Hotels & Leisure	45
Industrial & Manufacturing	34
Marketing & Media	19
Motor	1
Offshore	20
Paper & Packaging	1
Property Dev & Investment	29
Retail	16
Services*	112
Textiles	1
Transport	7

**Note: Services includes - Utilities 15, Healthcare 36. Some deals fall into more than one sector*

ALL DEALS



COMMENT

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Interesting times

The second quarter of the year has been an interesting time for deal-making with economic, political, and regulatory uncertainty showing no signs of relinquishing which have, unsurprisingly, seen deal volumes fall in certain sectors. However, despite this, there are positive signs in key markets that deals are still happening at attractive prices as active acquirers eye key strategic targets to support their own growth aspirations.

This theme is highlighted in recent high-profile examples such as the sale of bus and coach builder Alexander Dennis to North American based NFI Group for £320m, which further diversified NFI's business model and created a platform for international growth. DC Thomson also continued its acquisition spree during 2019 with the purchase of Glasgow-based PSP Media, again another key step in transforming DC Thomson from traditional publisher to modern media creator. Lastly, Barratt Developments plc, one of the UK's largest residential property development companies, acquired timber frame manufacturer Oregon Timber Frame to complement its strategic target of building up to 20 per cent of its homes by using an element of offsite construction, including timber frame by 2020.

The conveyor belt of upstream oil & gas transactions shows no signs of relenting with Chrysaor's acquisition of the UK Oil & Gas assets of ConocoPhillips for c.$2.7bn and Ithaca Energy's acquisition of Chevron's North Sea assets for c.$2bn both announced during Q2 2019. These transactions reaffirming that in order to extend margins and increase returns from the ageing North Sea basin, a leaner approach is required.

Finally, there have been a number of successful fundraising transactions closing, across a wide range of sectors, with valuations remaining resilient and a number of oversubscribed Series A funding rounds. High profile examples being the c. £5.4m equity investment in Dundee-based Intelligent Growth Solutions from US based 2SG Ventures, and Money Dashboard's successful crowdfunding campaign yielding c.£3.7m. This is indeed a positive sign and one we envisage continuing throughout the year as investors view current conditions as the time to commit.

Note: The advisors column should be read as being the parties to the deal (abbreviated) followed by the advisor who acted for that party. Common abbreviations used are as follows: **DI** = Deal Initiator; **V** = Vendor; **P** = Purchaser; **I** = Investor; **Co** = Company. Initials or shortened names are used to define other parties to the deal, the full name being in the column detailing the deal. Please note, transactions previously had to be valued at £0.5m or more to be included in the tables. We no longer have this criteria; deals with an undisclosed value are now shown as N/D and advisors involved in these deals have a zero value attributed in our analysis.

Selected Scottish deals

Principal & Location	Details of Deals	Deal Value	Deal initiators and advisors involved	Date
1825 Financial Planning and Advice Limited *Edinburgh*	**Acquisition** by Standard Life's wholly-owned financial planning business of the trade and assets of Grant Thornton's wealth advisory business.	**N/D**	**DI: Grant Thornton** **P:** Burness Paull/RSM	6.19
Abellio *Glasgow*	**Franchising arrangement** established between this rail operator and the Department for Transport for the East Midlands Railway franchise.	**N/D Cash/Debt**	**DI: DfT** **Co:** Brodies **DfT:** Eversheds Sutherland	4.19
Albert Bartlett & Sons (Airdrie) Ltd *Airdrie*	**Investment** by this fruit and veg wholesaler in Kiddyum Limited.	**N/D Cash**	**DI: Albert Bartlett & Sons (Airdrie)** **I:** Pinsent Masons **Co:** Knights plc	4.19
Alexander Dennis Ltd *Falkirk*	**Sale** of this bus manufacturer by HGT Investments and Noble Grossart Investments to NFI Group.	**£320m**	**V:** CMS/Deloitte **Co:** Pinsent Masons/Dickson Minto **P:** Eversheds Sutherland	5.19
Anderson Bell Christie Limited *Glasgow*	**Sale** of the entire issued share capital of this architecture firm into an employee ownership trust.	**N/D Cash**	**V:** Lindsays	5.19
Arisaig Marine Limited *Arisaig*	**Sale** of the entire issued share capital of this sea and coastal passenger water transport company to Mallaig Marine Limited.	**N/D Cash**	**DI: Arisaig Marine Limited** **V:** Harper Macleod **P:** MacPhee & Partners	6.19
Avant Homes *Stirling*	**Acquisition** of this housing development company's interest in Stirling Waterfront NHT 2011 LLP by Stirling Council.	**N/D Cash**	**DI: Stirling Council** **P:** CMS **V:** Gillespie Macandrew **Co:** Burness Paull	6.19
Avista Technologies (UK) Limited *Livingston*	**Sale** of the entire issued share capital of this water treatment chemicals manufacturer to Kurita Europe GMBH as part of a connected sale of Avista US to Kurita America Holdings Inc.	**$81.8m Cash**	**DI: Kurita** **V:** Dentons (Scotland)/Westgarth **P:** Tokyo International Law **AUS:** Dentons/BDO/Breakwater Law	5.19
BayWa r.e. UK Limited *Edinburgh*	**Acquisition** by this renewable energy company of Forsa Energy UK.	**N/D**	**P:** Pinsent Masons **V:** Shepherd & Wedderburn	5.19
Beeks Financial Cloud Group plc *Paisley*	**Acquisition** by this fintech company of the business and assets of Commercial Network Services.	**$1.4m Cash**	**DI: Beeks Financial Cloud Group** **P:** Pinsent Masons	5.19
Bertram Nursery Group Ltd *Edinburgh*	**MBO** of this nursery group, backed by Apiary Capital.	**N/D**	**DI: Bertram Nursery Group** **AC:** Burness Paull/Browne Jacobson **Co:** Addleshaw Goddard/RSM **AC:** PwC	4.19
Blackadders LLP *Dundee*	**Acquisition** by this legal firm of the Glasgow business and assets of Morisons LLP from administration.	**N/D**	**DI: Blackadders LLP** **P:** Blackadders **V:** Shepherd & Wedderburn/FRP Advisory	4.19
Braid Group (Holdings) Limited *Renfrew*	**Reorganisation** of this shipping and transportation supplier group which involved Braid Logistic purchasing the entire share capital of Brand Asia in exchange for the allotment of shares in the overall group.	**N/D**	**DI: Braid Group (Holdings) Limited** **Co:** CMS	5.19
Brooklyn Travel Ltd *Glasgow*	**Acquisition** by this travel agency of Villa Select, a specialist in high-end properties, from ITC Travel Group.	**N/D Equity**	**DI: Brooklyn Travel** **P:** Craig Corporate	5.19
Caldan Therapeutics Ltd *Glasgow*	**Investment** in this pharmaceutical company by Epidarex, LifeArc and Scottish Enterprise.	**N/D Cash**	**DI: Caldan Therapeutics** **Co:** CMS **SE:** Burness Paull **I:** Covington & Burling	6.19
Clive Christian Holdings Limited *Edinburgh*	**Sale** by this private equity firm of Clive Christian Limited, Clive Christian Perfume Limited and The Crown Perfumery Company Limited to Nichebox.	**N/D**	**V:** CMS **P:** NCTM	5.19
Clyde Dental Practice Limited *Glasgow*	**Acquisition** by this dentistry business of the entire issued share capital of three dental practices in Ayrshire.	**N/D Cash**	**DI: Clyde Dental Practice Limited** **P:** Harper Macleod/Grant Thornton **V:** Thorntons	5.19

Principal & Location	Details of Deals	Deal Value	Deal initiators and advisors involved	Date
Contract Bottling Glasgow Limited *Cumbernauld*	**Investment** in this contract bottling business by Scottish Enterprise via RSA grant.	**£180k Grant**	**DI: Consilium** **Co:** Consilium	4.19
CPI Edinburgh Limited *Edinburgh*	**Acquisition** of all the shares in this events management company, together with Crewe Toll West and Crewe Toll East Limited, by Korean investors with Knight Frank from Brockton Capital.	**£100m**	**V:** Brodies **P:** CMS	5.19
Cucumber Limited *Edinburgh*	**Sale** of the entire issued share capital of this behaviour-driven development tools company to Smartbear UK Limited.	**N/D Cash**	**V:** Vialex **P:** Paul Hastings **V:** Max Accountants	6.19
DC Thomson & Co Ltd *Dundee*	**Purchase** by this media and publishing company of the entire issued share capital of PSP Media Group.	**N/D Cash**	**DI: DC Thomson & Co/PSP Media Group** **P:** Brodies/Anderson Anderson & Brown **V:** Kergan Stewart	4.19
Doon Valley Pharmacy Limited *Dalmellington*	**Sale** of this pharmacy business to EPL Holdings Limited.	**N/D Cash And Loan**	**DI: Doon Valley Pharmacy Limited** **V:** Macdonald Henderson/Henry Brown & Co **P:** Wright Johnston Mackenzie	5.19
Duncan & Todd Ltd *Aberdeen*	**Acquisition** by this opticians of the business and assets of nine branches from Black & Lizars.	**N/D**	**DI: Black & Lizars** **P:** KPMG/CMS **V:** MacRoberts/Campbell Dallas	4.19
Dundee City Council *Dundee*	**Joint venture** with Scottish Enterprise and Michelin Tyre PLC to establish Michelin Scotland Innovation Parc Limited in order to develop a leading global destination at the site of the Michelin factory in Dundee.	**N/D**	**DI: Scottish Enterprise** **SE:** Brodies	5.19
ECS Security Ltd *Glasgow*	**MBO** of this security IT services company to form Adarma, with capital provided by Livingbridge and a loan from Bank of Scotland.	**N/D**	**Co:** Brodies/Robertson Craig & Co **P:** Shepherd & Wedderburn/PwC **I:** Pinsent Masons/BDO **BoS:** Dickson Minto	5.19
Edwin James Holdings *Uddingston*	**Pre-pack administration acquisition** by this engineering company of the business and assets of Redhall Jex Limited, which will now trade as Jex Process Limited.	**N/D Cash**	**P:** Dentons (Scotland) **V:** Squire Patton Boggs	6.19
Embedded Signal Processing Limited *Shetland*	**Transfer** of the issued shares in this regulatory consulting business to an employee ownership trust.	**N/D**	**DI: Embedded Signal Processing Limited** **P:** Blackadders	4.19
Emergency One (UK) Limited *Glasgow*	**MBO** of this fire and emergency vehicle manufacturer to form Emergency One Group Limited, funded by Bank of Scotland.	**N/D**	**DI: Emergency One Group** **P:** Brodies **BoS:** Burness Paull	6.19
Estendio Limited *Glasgow*	**Sale of shares** in this company to Harbyn Consulting Limited.	**N/D Cash**	**DI: Harbyn Consulting** **P:** Macdonald Henderson	6.19
First Mortgage Direct Limited *Glasgow*	**Sale** of this mortgage advisor to Mortgage Advice Bureau Limited.	**£20.6m Equity And Cash**	**P:** Fraser Brown Solicitors/BDO **V:** Burness Paull/Mazars	6.19
Gecko Labs Limited *Edinburgh*	**Investment** in this communication platform software developer by Mercia and Scottish Enterprise.	**£1.8m Equity**	**DI: Gecko Labs Limited** **I:** Burness Paull/Anderson Anderson & Brown **Co:** MBM Commercial **SE:** CMS	6.19
GetFed Ltd *Glasgow*	**Investment** in this online fast food company by Donald Houston.	**N/D Loan Note**	**DI: GetFed** **Co:** CMS	4.19
Glenfarg Partnership Limited *Glasgow*	**Provision** of a finance facility given to this construction company by Royal Bank of Scotland and Tier One Capital.	**£1.897m Loan**	**DI: Glenfarg Partnership Limited** **RBS:** Morton Fraser **Co:** Thorntons **TOC:** Blackadders	6.19
Global Energy (Holdings) Ltd *Aberdeen*	**Joint venture** between the inspection and wire ropes division of this company and the survey, rope and hose businesses of 3rd Momentum Limited under the new joint venture company Rig Surveys Group.	**N/D**	**3M:** Brodies/Johnston Carmichael **GE:** Stronachs	6.19
Gray Forklift Services Ltd *Aberdeen*	**Acquisition** by this forklift equipment company of A&S Forklift Services.	**N/D Cash**	**DI: Gray Forklift Services** **P:** Stronachs **V:** Dentons (Scotland)	6.19

Principal & Location	Details of Deals	Deal Value	Deal initiators and advisors involved	Date
HMS (485) Limited *Glasgow*	**Acquisition** by this food wholesaler of Henley Bridge Ingredients Limited.	**N/D Cash**	**DI: HMS (485) Limited** **P:** Harper Macleod **V:** Thomson Snell & Passmore	6.19
Hugh Stirling Limited *Glasgow*	**Acquisition** of the entire issued share capital of this building contractor by Wallace Topco Limited.	**N/D Cash**	**V:** Burness Paull/French Duncan **P:** DWF	5.19
i3 Energy plc *Aberdeen*	**Funding** provided to this oil and gas asset development company by Bybrook Capital, Lombard Odier Investment Managers, James Caird Asset Management and BP Oil International Limited.	**£24m Loan Notes And Equity**	**DI: i3 Energy** **Co:** Burness Paull/Deloitte **BC:** White & Case **LOIM:** Mayer Brown International	5.19
iMetafilm Ltd *Glasgow*	**Investment** in this film archiving company by Kelvin Capital and Scottish Enterprise.	**£300k Equity**	**DI: Kelvin Capital** **KC:** ISW Legal **Co:** Bellwether Green **SE:** Burness Paull	6.19
Intelligent Growth Solutions Limited *Dundee*	**Investment** in this agri-tech company by S2G Ventures, AgFunder and Scottish Enterprise.	**£5.4m Cash**	**Co:** Thorntons **S2G:** Shepherd & Wedderburn **SE:** Burness Paull	6.19
John G Dudgeon & Sons (Farmers) Ltd *West Lothian*	**Sale** of the entire share capital of this agriculture company to The Humbie Farming Company Ltd.	**£5m Debt**	**DI: John G Dudgeon & Sons (Farmers)** **V:** Gillespie Macandrew/Johnston Carmichael P: Morton Fraser/Douglas Home & Co	4.19
K&S Mir Limited *Edinburgh*	**Financing provided** to this hotel company by Clydesdale Bank to fund the acquisition of Beechmont House.	**£3.725m Loan And Cash**	**DI: K&S Mir Limited** **Co:** Brodies **CYBG:** Morton Fraser	5.19
Kelvin Lighting Ltd *Edinburgh*	**Sale** of the entire issued share capital in this lighting supplier to Atrium Limited.	**N/D**	**V:** Brodies/Henderson Loggie **P:** Edwin Coe	6.19
Kent Foods Ltd *Hillington*	**Acquisition** by the parent company of this food wholesaler of Henley Bridge Ingredients Limited.	**N/D**	**DI: Kent Foods** **P:** Harper Macleod/KPMG	6.19
Lending Crowd Finance Limited *Edinburgh*	**Joint venture** entered into between this peer2peer lending company and NIBC Bank to provide debt financing for on-lending to SMEs.	**£18.375m Debt**	**Co:** Burness Paull **NIBC:** Addleshaw Goddard	5.19
Loch Lomond Distillers Group *Edinburgh*	**Sale** of the entire issued share capital of this distillers group by Exponent Private Equity Funds to a new company backed by Hillhouse Capital Group.	**N/D**	**V:** Allen & Overy/Deloitte **P:** Cleary, Gottlieb, Steen & Hamilton/Shepherd & Wedderburn/EY **V:** Vialex	6.19
Lorimer Care Homes Ltd *Dundee*	**Sale** by this care home operator of the business and assets of Carrick Nursing Home to Carrick Care Homes.	**£740k Cash**	**DI: Lorimer Care Homes** **V:** Brodies **P:** PLS Solicitors	4.19
Morrison Community Care Group *Glasgow*	**Issue of shares** by this care home provider to various management personnel.	**N/D Cash**	**Co:** Harper Macleod	6.19
NHS Lothian *Edinburgh*	**NPD project** with hub South East Scotland Limited and Galliford Try for the refurbishment of the Jardine Clinic on the Royal Edinburgh campus.	**£2.8m Capital**	**DI: NHS Lothian** **NHS:** Burness Paull **HSES:** Pinsent Masons	6.19
Oil States Industries *Aberdeen*	**Acquisition** by this oil and gas company of the business and assets of RiserTec.	**N/D**	**P:** Shepherd & Wedderburn	6.19
Pick Protection Ltd *Glasgow*	**Investment** in this security technology company by Gabriel Investments Limited.	**N/D Cash**	**DI: Gabriel Investments** **I:** Macdonald Henderson **Co:** Addleshaw Goddard	4.19
Ping Network Solutions Limited *Bellshill*	**Investment** in this network solutions provider by Scottish Enterprise via RSA grant.	**£335k Rsa Grant**	**DI: Ping Network Solutions Limited** **Co:** Consilium	6.19
Pufferfish Ltd *Edinburgh*	**Further investment** in this digital sphere projection company.	**N/D**	**Co:** Shepherd & Wedderburn	5.19
QED Naval Ltd *Edinburgh*	**Investment** in this naval architecture consultancy by Kelvin Capital.	**£158k Equity**	**DI: Kelvin Capital** **I:** Davidson Chalmers Stewart **Co:** MBM Commercial	5.19
Rainbow Services (UK) Limited *Ayrshire*	**Sale** of the entire issued share capital in this domiciliary care services company to Grosvenor Health and Social Care Limited.	**N/D Cash**	**DI: Redwoods Dowling Kerr** **V:** Harper Macleod/Anderson Anderson & Brown **P:** Gateley plc/Mazars	5.19

Principal & Location	Details of Deals	Deal Value	Deal initiators and advisors involved	Date
Recruitment Zone Limited *Edinburgh*	**Sale** of this recruitment agency to Outsource UK Limited.	**N/D Cash**	**V:** Harper Macleod/Donnelly Bentley **P:** Clark Holt/HMT Corporate Finance	4.19
Sauchiehall Property Holdings Limited *St Heiler*	**Acquisition** by this property investment company of Sauchie Holdco Sarl, the entity which owns Sauchiehall Centre in Glasgow.	**£50m Debt/Equtiy**	**DI: 90 North Group** **P:** Pinsent Masons **V:** Simpson Thacher & Bartlett	6.19
Subsea Technologies Group Ltd *Aberdeen*	**Sale** of shares by exiting shareholders in this energy service company to Helix Inc.	**N/D Cash**	**DI: Subsea Technologies Group** **V:** Stronachs/Infinity Partnership **P:** Pinsent Masons	5.19
Surplus Property Investments *Glasgow*	**Provision** of development and acquisition finance to this property developer by Bank of Scotland for the purpose of residential construction.	**£3.3m Loan**	**DI: Bank of Scotland** **Co:** Wright Johnston Mackenzie **BoS:** Morton Fraser	4.19
Synaptec Limited *Glasgow*	**Further investment** in this electrical energy solutions company by Scottish Enterprise, Foresight, The University of Strathclyde and Equity Gap.	**£2.9m**	**SE:** Brodies **Co:** Burness Paull **I:** RW Blears **EG:** Wright Johnston Mackenzie **UoS:** Shepherd & Wedderburn	5.19
Talking Medicines Limited *Glasgow*	**Investment** in this healthcare data company by SIS Ventures and Scottish Investment Bank.	**£622k Cash**	**SIS:** Lindsays **Co:** MBM Commercial **SIB:** Brodies	5.19
TG Industrial Services Limited *Paisley*	**Sale** of the entire issued share capital in this industrial cleaning company to JW Johnston Limited.	**N/D Cash**	**DI: JW Johnston** **P:** Vialex **V:** Gunner Cooke	4.19
The Bookingroom Group Limited *Glasgow*	**Acquisition** by this chaffeauring company of Trigger Consult Limited and its group of companies.	**N/D Cash**	**DI: The Bookingroom Group Limited** **P:** Macdonald Henderson	4.19
The IDCo *Glasgow*	**Investment** in this fintech company by Amadeus Capital Partners, SixThirty and Scottish Enterprise.	**$2m Cash**	**Co:** Lindsays **ACP:** Osborne Clarke **SE:** Burness Paull	5.19
The Three Chimneys (Scotland) Limited *Skye*	**Sale** of the entire issued share capital of this hotel group to The Wee Hotel Company Limited.	**N/D**	**V:** Brodies **P:** Turcan Connell	4.19
Thomson Dickson Consulting Ltd *Glasgow*	**Sale** of this actuaries and pensions consultant to Broadstone Group.	**N/D**	**V:** Bannatyne Kirkwood France/Johnston Carmichael **P:** Eversheds Sutherland/Hazlewoods	4.19
Total Chatbots Limited *Glasgow*	**Investment** in this software developer by the University of Strathclyde.	**N/D Cash**	**DI: University of Strathclyde** **I:** Macdonald Henderson **Co:** Davidson Chalmers Stewart	4.19
Trickle Data Insights Limited *Edinburgh*	**Further investment** in this software solutions company by Scottish Growth Scheme and Carrig Glen Investment.	**N/D Equity**	**DI: Trickle Data Insights Limited** **Co:** Dentons (Scotland)	4.19
TV Squared Ltd *Edinburgh*	**Further investment** in this TV analytics firm, led by West Coast Capital.	**N/D**	**Co:** Shepherd & Wedderburn	5.19
Viking Energy Wind Farm LLP *Lerwick*	**Restructuring** of this renewables company.	**N/D**	**Co:** Shepherd & Wedderburn	5.19
WB Scotland East & West Ltd *Edinburgh*	**Franchising** arrangement entered into between this children's swimming lessons provider and Water Babies Limited.	**N/D Cash**	**DI: WB Scotland East & West** **Co:** Macdonald Henderson/Henry Brown & Co **WB:** Wilson Ward	5.19
Weensland Filling Station Limited *Hawick*	**Sale** of the business and assets of this petrol station business to G R Retail Limited.	**N/D**	**P:** Harper Macleod **V:** Ennova Law	4.19
Windflow UK Limited *Stirling*	**Sale** of this wind turbine operator to Constantine Wind Energy Limited.	**N/D Cash And Debt**	**V:** Dentons (Scotland)/Oury Clark **P:** Tulloch & Co	6.19
Woodroyd Care Ltd *Edinburgh*	**Sale** of the entire share capital of this healthcare company to Consensus Capital Group.	**£2.6m**	**V:** Addleshaw Goddard/Johnston Carmichael **P:** Ennova Law	5.19

CLIMATE CHANGE FIRMLY ON THE AGENDA AS AIR TRAVEL GROWS EXPONENTIALLY

By VICTORIA MASTERSON

NEW AIR routes to destinations across Europe, Asia, the Middle East and US are continuing to build Scotland's connectivity for inward and outward business travel.

Aberdeen International Airport sees up to 8,000 additional passengers pass through its doors during the week of Offshore Europe, which is held in Aberdeen every September.

This year, the flagship oil and gas show – which is hosted for the first time at Aberdeen's new £333m P&J Live venue in Stoneywood – was expected to attract more than 36,000 people and 900 exhibitors from 100 countries worldwide.

"Offshore Europe brings delegates to the city from across the world, which is great for the airport," says Steve Szalay, managing director of Aberdeen International Airport.

"During the last few months, the increase in helicopter traffic is a positive sign that offshore production is increasing once more. This is tangible evidence that confidence is returning to the city and airlines see this growth potential too."

A number of airlines have increased their capacity from Aberdeen on key business routes.

British Airways is adding three new weekly flights to London Heathrow from this winter, while Norwegian airline Widerøe is adding further flights to Bergen. The airline also flies direct to Stavanger and recently increased its number of flights to Norway's energy centre by five per week. Dutch airline KLM is also adding an additional 11,000 seats to Amsterdam Airport Schiphol.

> **We do tend to see a lot of activity around Offshore Europe in particular, it's an important event for Aberdeen**
>
> Steve Szalay, Aberdeen International Airport (below)

"Schiphol is a key destination for both inbound and outbound business travellers and given the connectivity it provides in its capacity as one of Europe's busiest hub airports, it is also extremely popular with our leisure passengers and those working in the oil and gas industry," Szalay says.

Aberdeen International Airport is also working hard to regain services to Frankfurt and Gatwick after airlines Lufthansa and easyJet announced last year that they were cutting the routes.

Air Passenger Duty (APD), a tax on aviation introduced in 1994 to help offset carbon emissions from air travel, remains a controversial issue for the industry.

The Scottish Government's decision in May to drop its pledged cut to the levy – a week after declaring a climate emergency – was a 'huge blow', Szalay says.

"We need only look to Inverness, which is currently exempt from Air Passenger Duty, to see how airlines can and do respond," Szalay adds. "British Airways withdrew capacity at Aberdeen whilst adding services in Inverness because of the APD exemption. If we're to strengthen our regional connectivity then it's important we're able to operate in a level playing field, particularly at a time of economic uncertainty."

There is evidence that Brexit is prompting some companies to develop business further afield.

Clyde Travel Management specialises in business, marine and offshore travel and last autumn opened new offices in Houston, Texas, and Gothenburg in Sweden, adding to its Scottish bases in Glasgow, Aberdeen and Inverness.

"From a destination perspective here in Scotland, there seems to be continuous steady growth in European travel for internal company business, but a more notable increase in global travel by sales and business development personnel, particularly the Far East and North America," says Paul Cronje, director of Clyde Travel Management.

"Very little has changed in terms of travel within the European Union for corporate business. A large number of organisations have representation in EU countries, often with their head office or key plants in this market, so travel is likely to continue as before. But the rise in sales activity further afield suggests to us that newer markets are being sought and that businesses are getting ready to transact more freely in distant markets."

Key trends in business travel include a continued focus on streamlining costs. Organisations are being more careful in considering whether to travel for internal company business, Cronje says.

"Within travel policies, there is also a subtle reduction in the level of comfort for products such as hotels and rail," he adds.

Safety is another key consideration. "The Boeing 737 Max incidents initially led to many customers immediately forbidding their travellers to fly on similar aircraft, long before they were grounded," Cronje says.

On technology, the airline industry is enhancing the way it communicates with travel agents through a new booking technology known as new distribution capability (NDC). This will allow airlines to offer personalised pricing and content to customers. The initiative is being rolled out by the International Air Transport Association, which represents 290 airlines and 82 per cent of total air traffic.

Companies that are based in Aberdeen but may have offices in other countries will be required to travel back and forth to establish connections and participate in meetings

Murray Burnett, Munro's Travel (below)

"NDC will allow airlines to change fare content almost instantly depending on factors such as route competition, load factors and equipment," Cronje explains. "Whether this will result in corporates being able to find bargain fares at the last minute remains to be seen – but the technology now exists for IATA airlines to enable this."

Aberdeen-based **Munro's Travel** specialises in travel management for the global energy industry and sees strong demand for travel to trade shows including Offshore Europe and the Offshore Technology Conference in Houston, Texas every May, which attracts more than 60,000 energy professionals from over 100 countries. "Trade shows undoubtedly generate a lot of travel," says Murray Burnett, managing director of Munro's Travel. "We do tend to see a lot of activity around Offshore Europe in particular, it's an important event for Aberdeen and has been instrumental in the development of the north-east oil and gas industry.

Above: British Airways fleet at Heathrow

"But, for a lot of our clients, face-to-face meetings throughout the year continue to be an important aspect of relationship building. In the same way, companies that are based in Aberdeen but may have offices in other countries will be required to travel back and forth to establish connections and participate in important meetings. So, I would say, business travel is driven around building relationships whether that's attending a trade show or visiting them in their own office or environment."

As the market recovers from the oil and gas downturn, Munro's is also seeing a growing number of smaller oil and gas companies requiring business travel for projects involving major oil companies divesting their North Sea assets.

Climate change is a growing consideration for business travellers globally. **The University of Edinburgh** has calculated that business travel is the second biggest cause of its carbon emissions and is exploring ways to reduce this. With more than 41,000 students and 15,000 staff from around the world, the university's teaching and research takes place in, and with many, countries.

"Our travel is essential to our business, yet we recognise the need to address the challenges posed by climate change," says Dave Gorman, director of social responsibility and sustainability at the University of Edinburgh.

"Our staff and students travel for commuting to and from university premises. They also undertake fields trips in the UK and abroad, which are a vital part of their research.

"We work with other universities, governments and businesses around the world to identify and develop models of sustainability, which can help address climate change."

Emissions from land-based transport – cars, rail and buses – are reducing as the university implements bike and walking schemes and decarbonises its fleet by switching to electric vehicles.

But flights, which account for 95 per cent of the university's travel emissions, are rising in line with its international commitments.

Gorman says: "Our intention is to promote 'climate conscious travel' to ensure that colleagues consider the climate consequences of the travel they intend to make. We use technology to support more virtual collaboration, and are constantly examining ways to further reduce air travel."

The university's view is that travel is necessary and important, but as a society we all need to find ways to ensure that our travel doesn't come at the expense of damage to the planet.

This June, Edinburgh Airport became one of 194 airports across 24 European countries signing a pledge to make their operations net zero carbon by 2050. Airport trade body Airports Council International Europe unveiled the resolution at its 29th annual congress and general assembly in Cyprus. Sustainable Aviation, a long-term strategy launched by the UK aviation industry in 2005, is also focused on improving environmental performance.

"There's a tendency to land the blame on our tarmac when talking about the climate and emissions, when the stats show a different picture," says Gordon Dewar, chief executive of **Edinburgh Airport**.

"Sustainable Aviation has worked to decouple growth in passenger numbers from emissions, showing that passenger numbers in the UK grew by 25.8 per cent between 2010-2016, while total emissions only grew by 4.7% per cent Why? Because there's considerable investment in the latest aircraft technology as well as improved operating procedures and air traffic management."

Dewar adds that aircraft manufacturers are key to making the industry more sustainable. For example, the new Boeing A321 XLR, launched at this year's Paris Air Show, can fly for longer, but with 30 per cent lower fuel burn per seat than previous-generation competitor aircraft.

New routes launched from Edinburgh this year include Boston with Delta Air Lines and, with Loganair, Bergen and Stavanger in Norway and Guernsey in the Channel Islands. Flybe has also increased its Edinburgh to London Heathrow frequency. Qatar Airways increased its flights to Qatari capital Doha this year while Scotland's first direct flight to China, by Hainan Airlines to Beijing, has been launched.

On Brexit, Dewar says certainty, when it comes, will help business decision-making around travel. Meantime he adds: "People can plan travel with confidence, as the continuity of flights, no matter the Brexit outcome, has been guaranteed. That should allow people to plan those important trips, knowing that they will get there."

On train travel, **London North Eastern Railway** (LNER) started running its new Azuma trains on the Edinburgh to London East Coast Mainline in August. Sixty-five of the trains – which offer improved reliability, greater levels of comfort and an average of 100 more seats on every train compared to the current fleet – are due to replace LNER's existing fleet by next summer.

Most of our corporate traffic is still in the UK – to Heathrow, Gatwick and Luton. Scotland's economy is doing quite well and unemployment is at record low levels

Ken McNab, The Travel Company Edinburgh (below)

Two newly-extended platforms opened at Edinburgh Waverley Station this year to accommodate the longer trains, with funding from the UK Department for Transport's Intercity Express Programme and the Scottish Government's Edinburgh-Glasgow Improvement Programme.

LNER has promised that a new timetable planned for December 2021 will offer more regular journeys between London and Edinburgh that take four hours.

David Horne, LNER managing director, says: "The launch of the first Azuma trains to and from Edinburgh and the north east of England is a pivotal moment for LNER in demonstrating the transformation of services for our customers and communities that we serve."

This autumn, a new Highland service is also due to be launched by Caledonian Sleeper, which runs overnight services between London and Scotland. More luxurious trains with double beds have already been introduced on the company's Lowlander routes from London to Edinburgh and Glasgow, and are now being introduced on the Highlander route to Aberdeen, Inverness and Fort William.

Independent travel agency **The Travel Company Edinburgh** manages outbound and inbound corporate and leisure travel for individuals to groups of up to 2,000 people and is seeing a change in travel planning,

"The buoyant sectors for us at the moment are utilities and building," says managing director Ken McNab, who founded the business in 1992. "Most of our corporate traffic is still in the UK – to Heathrow, Gatwick and Luton. Scotland's economy is doing quite well and unemployment is at record low levels.

"But Brexit is causing uncertainty and a fear of risk. This means businesses aren't booking until the last minute, so they can be paying more for their travel."

Clients are also making more changes to their bookings, to accommodate shifting plans. The falling value of the pound against the euro and the dollar is also pushing up overseas travel costs.

While automation, artificial intelligence and online travel tools are helping to drive efficiencies for both travellers and providers, McNab feels a growing number of clients prefer to talk to human beings.

"The major travel companies have consolidated by buying over their neighbours and used highly developed systems to make their bookings. But is that the answer? In fact, we see more and more people returning to the traditional booking sources as they can talk through options to suit their needs, not just be shown a batch of numbers on a screen." ■

GRADUATE VALUE RISING IN CONTINUING WAR FOR TALENT

By VICTORIA MASTERSON

RECORD low unemployment and the intensifying war for talent has sharpened employers' focus on graduate recruitment.

Firms are designing their own schemes and looking beyond academic qualifications – and traditional graduate routes – to find the best fit for their business. Many are growing their graduate intake, despite Brexit uncertainty.

"Graduate recruitment has often been one of the first costs to be cut when times are tough," says Shona Preston, director at Scottish recruitment consultancy **HRC Recruitment**. "But despite the economic uncertainty over the past few years, businesses are still looking for good grads – in many cases, they're actually increasing their annual intake."

Traditionally, a candidate's degree and classification were big determining factors in whether they were eligible for a graduate scheme.

"Now, it's changed to be much more led by behaviours, personality, and candidates' interests outside of their studies," Preston explains. "So many young people are doing well academically that businesses need to find new ways of differentiating between them – and, in that respect, we've seen some organisations take name-blind or university-blind approaches to their graduate candidates."

> **So many young people are doing well academically that businesses need to find new ways of differentiating between them**
>
> Shona Preston, HRC Recruitment (below)

One of the other biggest trends HRC has seen is the growth in small and medium-sized enterprises looking to employ candidates straight out of university.

"Partly, it's because these kinds of businesses are proving more popular with graduates," Preston says. "They can offer more flexibility to young people compared to many of their corporate counterparts. SMEs can also provide a less formal workplace and offer a better feel for what a role will actually entail. Work-life balance is highly important for graduates today, as is the culture of a workplace."

Accounting and business services firm **PwC** has a dedicated student recruitment team and has taken on 94 graduates so far in Scotland this year, up from 90 in 2018. While audit and accountancy roles continue to account for the largest intake of graduates, technology roles are growing in prominence.

"Our assurance business still takes the most graduates, and they will begin working towards becoming chartered accountants," says Claire Reid, head of assurance at PwC Scotland.

"However there are more tech-focused roles emerging in the business, particularly in areas such as cyber security, data analytics and technology risk. We envisage this trend continuing with more tech-focused student roles in the future."

Last year, PwC joined forces with the universities Edinburgh and St Andrews to launch Scotland's first ever Data Science Graduate Apprenticeship. Backed by the Scottish Government and Skills Development Scotland, the programme is designed to offer a new work-based learning route to a BSc data science degree and enrolled 17 students in its first year.

PwC said it had seen an unprecedented upsurge in applications for graduate roles, with no impact from Brexit. In the wider labour market, unemployment is at its lowest since 1974, though a slight slowing in growth in March may have reflected Brexit uncertainty.

Mike Jakeman, a senior economist with PwC UK, said: "March was the month when Brexit anxiety was at its most acute, and it might have been the case that firms were more reticent to offer higher wages and advertise new positions in these weeks."

Jumpstart is an Edinburgh-based specialist in research and development tax credits, a UK government tax incentive to encourage companies to invest in research and development. The firm developed its own sales apprenticeship programme after struggling to find quality sales people who were the right fit for the business.

"In my experience, skills can be learned, experience can be accrued over time but the personal qualities we value such as character, drive and ambition are either built in you or they're not," says Amy Palmer, inside sales manager at Jumpstart.

"We'd previously sourced people through external agencies but the quality was mixed and the turnover levels were high. We couldn't find a sales apprenticeship programme to answer our needs, so we developed our own, where we started by looking for people with the right personality who were keen to learn the ropes, often from scratch."

Seventeen-year-old Emma Carroll responded to one of Jumpstart's Facebook notices and joined the firm in March as an executive in its internal sales team. She had previously spent a year as a hairdressing apprentice, followed by a work placement at City of Edinburgh Council.

"After applying for the role Emma was very thorough in following up," Palmer says. "She phoned, emailed and texted numerous times asking for updates and looking for feedback. She was always polite and professional but also demonstrated real persistence and tenacity."

Carroll adds: "As someone who left school with limited qualifications, I'm really pleased to have discovered this alternative route into developing a career within the R&D tax relief advisory sector. I feel I'm benefitting from the ongoing training and mentoring from my colleagues, which is helping me learn new skills and grow my confidence in the workplace. There's also a clear path here for me to develop into a fully-fledged sales professional within the year."

FTSE 250 recruitment group **Hays** finds that, regardless of qualifications, graduates with strong interpersonal skills continue to be in highest demand, with technical and IT knowledge a big advantage.

"This applies across all professions, including accountancy, sales, business management and surveying, for example," says Gill Fraser, Hays senior manager for internal recruitment. "We're less focused on the type of degree someone has, and more interested in their communication skills, whether they can present confidently, or whether they have the ability to coherently discuss current issues with a client.

"Graduates also need to be able to adapt their core discipline to their environment. For example, a graduate looking for a procurement post should ideally have some commercial and sales knowledge. And the need for graduates to have a clear understanding of how new technology is affecting the financial services industry is vital."

Fraser says the current challenge in Scotland is finding graduates who have relevant business experience. Hays runs internships for university students incorporating 12-month industrial placements and hopes to develop shorter internships in the future to help students on full-time academic courses increase their commercial awareness.

Siobhan Walker, 23, from Glasgow, joined Hays as a recruitment consultant in the West of Scotland after graduating in human resource management and marketing from the University of Strathclyde.

There are more tech-focused roles emerging in the business, particularly in areas such as cyber security, data analytics and technology risk

Claire Reid, PwC Scotland (below)

She had no previous business-to-business sales experience, but was fast-tracked through Hays' associate training programme.

"The graduate job market in Scotland is highly competitive," Walker says. "My experience post-graduation was that many organisations focused on whether you already had practical experience in the area, rather than appreciating the competencies and academic qualities graduates may bring, which can then be honed and developed."

Hays plans to recruit eight graduates in the next six months across its five Scotland offices and says Brexit has not changed its clients' recruitment plans.

Diversity is a key focus for law firm **Shepherd and Wedderburn**, which is recruiting more graduates through its social mobility programmes.

"It's encouraging to see the efforts to reach out into our communities and broaden the profession beginning to produce results," says Yvonne Brady, Shepherd and Wedderburn's head of diversity, development and inclusion. "We have also expanded our PRIME programme, which offers high quality work experience and mentoring to young people from socioeconomically disadvantaged backgrounds, with the twin aim of encouraging social mobility and diversity in the legal profession."

With the legal market changing faster than ever before, Brady says strong digital skills, resilience, commerciality and an interest in developing client relationships are all key attributes.

As well as attending graduate recruitment fairs across Scotland, the firm is launching Insight Evenings, a new networking event specifically designed for first-year students.

Brexit is not affecting application numbers, or the career choices of graduates, Brady adds.

"We are not seeing Scottish graduates abandon Scottish traineeships to, for instance, seek opportunities on the European mainland," Brady says. "At this stage, trainees are focused on getting a good training and then, perhaps, planning their longer-term career aspirations when the outlook is more settled."

Accountancy firm **Chiene + Tait** runs a formal graduate scheme in its audit department and other training programmes, including a payroll traineeship designed in-house.

"Experienced and qualified payroll practitioners are in demand, and there isn't enough supply to go around," says managing partner Carol Flockhart, who joined the firm herself as a graduate in 1994. "So we instituted our own payroll traineeship, which combines on-the-job experience with a formal qualification."

The firm also offers an audit apprenticeship through a scheme run by The Institute of Chartered Accountants of Scotland, Skills Development Scotland and Robert Gordon University.

With 'Industry 4.0' driving demand for skills in tech-related areas including data science and artificial intelligence, Flockhart acknowledges that technology is a growing element of the business advisory role.

"There's an increasing focus on accountants being business advisors beyond the traditional compliance function," she says. "It makes sense that tech skills are becoming ever-more important, because clients are using more tech, and they need their advisors to be able to offer authority, knowledge and practical insights."

I feel I'm benefitting from the ongoing training and mentoring from my colleagues, which is helping me learn new skills and grow my confidence in the workplace

Emma Carroll, Jumpstart (above)

Brexit hasn't identifiably affected the firm's graduate recruitment, and "we're not expecting it to in the short-term," Flockhart adds.

One of Chiene + Tait's graduate recruits is Jessica Welsby, who joined the firm's audit graduate scheme after graduating from Dundee University with a Bachelor's degree in accounting and finance.

"I've worked through the firm's chartered accountancy training programme, covering experience with all sectors and industries, and I've also led client work," Welsby explains.

She adds: "I've passed all my CA exams and am now exam-qualified. Once I've completed three years of practice experience in September, I'll be term-qualified, meaning I'll be officially recognised as being trained to work as a chartered accountant."

Welsby will be flying out to Australia at the start August to work with an Australian firm for three months. "It's a superb opportunity and came about from Chiene + Tait's membership of AGN International, an international association of accountancy firms," Welsby says.

Offering work experience is one way for employers to access potential future talent beyond the graduate pipeline, and help young people get ready for the world of work.

Developing Young Workforce Perth & Kinross is a partnership between employers and education to help boost youth employment. It has just launched its second annual #LearnAliving campaign, to encourage more local employers to offer school children valuable work experience opportunities in 2019.

Last year, 250 local employers joined the scheme, including Perthshire leisure resort Crieff Hydro, construction firm Hadden Group, hair and beauty specialist Charlie Taylor, waste management firm Binn Group and local restaurant, Tabla.

"Work experience provides young people with an opportunity to build new skills, develop their confidence and harness their talents in a professional environment," says Steven Stewart, chair of the Perth & Kinross Developing Young Workforce regional board.

"Currently only one in five employers across Perth & Kinross offer work placements and those who have welcomed placements have found it a great way to attract new talent to their organisations."

The #LearnAliving campaign aims to remove any doubts, barriers or misconceptions about offering work placements, with minimal administration in the sign-up process. ■

IN FOCUS: Know You More study

IN A RECENT study of 50 businesses, Kinross-based coaching specialist Know You More found that graduates were as demanding as their prospective employers.

"Graduates, nowadays, come with an evolved set of academic and business skills and finely-honed personal values, especially around fairness and social justice," says Know You More director Tim Mart. "Their ideal job offers a chance to serve and to make an impact on the world. Paradoxically, research shows that 70 per cent are looking for stability, while also demanding opportunities to progress quickly. In fact, 71 per cent leave jobs because the changes for advancement were too slow."

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Fairmont St Andrews is a 520-acre estate with a unique coastal setting overlooking the historic town of St Andrews. Encompassing the finest in Scottish culture with luxury and elegance, the resort boasts over 200 luxury guestrooms, two championship golf courses, a stunning Fairmont Spa, resort activities and six diverse dining experiences featuring fresh Scottish seafood and local produce.

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Boardroom encompasses stunning views over the coast and St Andrews whilst providing the high-class executive meeting space environment. Our hotel event space also exists as a completely autonomous area of the resort, ensuring that attendees have privacy whilst able to easily access the main Hotel. Outdoor events, from drinks receptions to team building to barbeques are all available in our beautiful patio space and hotel grounds located immediately outside the event space. This flexible area also lends itself perfectly to automotive launches and demonstrations.

Our 80ft. high, glass-topped Atrium acts as an excellent pre-function or main function space, ensuring a wow factor on entry to the event. Within the space is the beautiful 60ft 'Zephyr' lighting sculpture by renowned artist George Singer. It contains over 20,000 individually hung discs which catch and shape the lighting to create a memorable visual experience.

Newly Refurbished Spaces

Over the past 3 years the resort has undergone a series of refurbishment projects updating all of the hotel's public spaces and all of the resort's bathroom facilities, in addition to all 17 Suites undergoing a full refurbishment. In early 2019 Fairmont St Andrews Hotel event space also underwent refurbishment incorporating a refreshed interior colour palette expanding on the aesthetic spirit of the previous renovations, which sought to incorporate artistic interpretations of the surrounding bayside landscape into the core interior design motif of "Bringing the outside in".

A look at our process

At Fairmont St Andrews we have a dedicated and experienced Sales team who will guide you through the initial enquiry and contracting phase. Our Event management team are on-site experts, here to ensure that you as the organiser from your company can enjoy the event just as much as everyone else and leave the running and planning to us. Our team can support with all ancillary requirements, including golf, spa, team building, external catering in local venues. To begin your event planning process we invite you to send us your brand message, a description of what you are trying to achieve on the night, your theme and preferences. From there, sit back and relax and let our team get creative and send you ideas to choose from that outline what you are trying to achieve with your event with us.

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GIANT CLIMATE CHANGE EVENT COULD BE SET FOR GLASGOW

Above: The SECC and SSE Hydro, Glasgow

By KEN SYMON

GLASGOW is in the running to host the biggest summit meeting ever held in Britain. If the joint bid between the UK and Italy were successful, up to 30,000 delegates would attend the massive United Nations event at the end of 2020.

As I write it is understood that the UK is favourite to win the 26th Conference of the Parties event known as COPP26 – with a preliminary meeting to be held in Italy – which will be the most important climate change event since the Paris conference of 2015 where the major Paris agreement was signed.

Peter Duthie, chief executive of the **Scottish Events Campus** says: "We have been advised that The Scottish Event Campus will be the location for the COP26 United Nations Climate Change-(UNCCC) conference next year if the UK Government's bid is successful.

"This is a significant and important event for Glasgow, Scotland and the UK at a crucial time for governments across the world as they address the escalating issue of climate change. We are honoured to have been identified as the best location for this globally significant conference."

If the bid is successful the global event will boost further the very positive numbers for the conference and events business in Scotland

The SSE Hydro continues to be one of the world's top live event venues with 1.1 million visitors over the year

DELETE ATTRIBUTION

with the Scottish Events Campus having had the most successful year in its history in 2018-19, with the exception of the 2014 when the Commonwealth Games came to Glasgow.

Conferences at the Scottish Events Campus enjoyed a record year with 55 per cent growth in turnover driven by 12 international events and a range of large UK conferences and corporate meetings. The exhibition sector grew by three per cent in the year with 47 exhibitions staged in what was another record performance. This included five new shows and high retention levels for established events.

There were 144 performances in the SSE Hydro conference venue during the year and increased activity in the SEC Armadillo and the SEC Centre which led to a 24 per cent increase in turnover in live entertainment.

The SSE Hydro continues to be one of the world's top live event venues with 1.1 million visitors over the year making it the fourth busiest live entertainment arena in the world in 2018.

The success of the events business has been a major boost for the economy of Glasgow with the Glasgow Convention Bureau having in March been named the UK's Best Convention Bureau for the 13th consecutive year while the Scottish Events Campus was crowned the Best UK Conference Centre.

But the Glasgow success is not

going to go unchallenged with the arrival of a new Scottish rival, The Events Complex Aberdeen (TECA). In early August construction businesses Henry Boot Developments and Robertson completed work on TECA, the largest new entertainment complex in Europe. The complex which aims to put Aberdeen on the world stage for top level conferences and events includes the P&J Live Arena – named after the local paper *The Press and Journal* – and two on-site hotels.

The opening of the doors of the complex marked the event of a massive construction project which had begun in August 2015 to deliver a 15,000 capacity arena which will host conferences, exhibitions and concerts in addition to a further three conference and exhibition halls as well as a 200-room Hilton and a 150-room Aloft Hotel.

The £333m facility is a key part of Aberdeen City Council's programme of investment and which is aimed to be transformational for the city. The complex, which has transport links to the Aberdeen International Airport and the city bypass, is forecast to contribute an additional 4.5 million visitors, £113m of visitor spending and £63m net contribution to the Scottish economy over 10 years. It also aims to create the equivalent of 352 full-time equivalent jobs by year ten of its operations.

Increased conference and event activity is one of the drives towards new investment in hotels in Scotland with two new hotels being built beside the Scottish Events Campus, with developer Robertson carrying out work for Vastint Hospitality. One hotel will be operated under the Courtyard by Marriott brand and will have 221 rooms while the other will be a Moxy Hotel with 213 rooms. The former will be completed in the spring 2020 and the latter in the summer that year.

Edinburgh is seeing another wave of hotel development, some of it also linked to conference business with work being done on a new Edinburgh Marina Hyatt Hotel which will have 187 bedrooms, a 20,000 sq ft spa and fitness centre and 10000 sq ft of conference space and 98 serviced apartments. The hotel will overlook the new 340-berth Edinburgh Marina which is 2.5 miles northwest of the city centre and eight miles from Edinburgh Airport.

Much closer to the airport is a planned Travelodge due to open at the South Gyle in Edinburgh. The 70-bedroom hotel is part of a development by the Crucible Alba Group. And in the city centre in one of the largest regeneration projects currently in the UK is the redevelopment of what was the St James Centre that will see a five-star W Hotel and a Rooomzzz Aparthotel opening in 2020 along with 850,000 sq ft of retail space.

Right in the heart of the city centre itself, the Red Carnation Hotel Collection has announced plans to renovate 100 Princes Street turning it into a luxury hotel with the aim, they say, of making it the number one hotel in Edinburgh.

The building, which will have uninterrupted views of Edinburgh Castle, will aim to replicate the "boutique atmosphere" of its sister property Hotel 41 which has retained the number one position in TripAdvisor's London hotels for more than ten years.

Above: Senior appointments at Trump Turnberry, L-R: Siobhan Moore, David Main and Alison MacLeod

This is a significant and important event for Glasgow, Scotland and the UK at a crucial time for governments across the world as they address the escalating issue of climate change

Peter Duthie, Scottish Events Campus (below)

Trump Turnberry has made a trio of senior appointments as it seeks to fight off the effects of controversial headlines because of its ownership. It has appointed David Main a senior sous chef de tournant, Alison MacLeod as marketing manager and Siobhan Moore as an account manager. Alison MacLeod said: "The resort has made substantial investment in its accommodation, dining and golfing facilities in the last year and with that there are huge opportunities for growth. The key to our continued success will be ensuring our loyal customers remain drawn to the resort, as well as growing the awareness of our fantastic brand and product offer across the UK and beyond."

In addition to the investment in hotels in Scotland, the serviced apartment sector has really taken off with multi-millions of pounds being invested in this style of accommodation in Scotland.

Gavin MacLennan, general manager, of **Lateral City Apartments** explains the reason for the rise. He says: "Serviced accommodation responds to the way people now want to travel. They want independence; they want the comforts of home and especially the space that their own homes give them, and all the features of a hotel.

"No one really wants to sit on the

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bed to use their laptop, so a large table and room to work is important, just as room service and having your bed made for you is all part of being on holiday.

"Value for money is another big factor. Most apartments sleep more than two and so serviced apartments can very easily become a far better, more cost effective option than a hotel for families or groups of friends."

While it is an increasing trend, the investment is still greater in hotels in Edinburgh, MacLennan says: "Edinburgh's options for serviced accommodation are increasing, but new hotel openings still dominate. This is very different to other UK cities, including London and Manchester, where operators have responded more quickly to the demand from businesses for long stay corporate accommodation. In Edinburgh, average stay in serviced apartments is similar to that of hotels, whereas in London and Manchester, average stays are around 14-21 days."

It was announced in June that Lateral City Apartments had been appointed by Royal Collection Trust to operate the new serviced accommodation at Abbey Strand, at the doorstep of the Palace of Holyroodhouse – the Queen's official Scottish residence – which is located at the foot of the Royal Mile. The new rooms, Abbey Strand Apartments at Holyrood, have been created as part of the renovation of the 16th century buildings and will be the fourth property in the Lateral City portfolio, alongside The Edinburgh Grand, Old Town Chambers and Merchiston Residence.

MacLennan says that Lateral City Apartments is not just adding premises but bringing in innovation to the sector by introducing breakfasts, room service and a variety add-on facilities such as the new CaveFit gym at The Edinburgh Grand.

He adds: "Chris Stewart Group has always been a disruptor and in this market. It is challenging the perceptions of serviced accommodation as stale and characterless, but creating amazing spaces in interesting buildings and listed properties. Travellers want style and luxury and we are providing that in spacious apartments that better suit their needs."

But one of the effects of all this increased investment is on the labour market for hospitality. Sally Rae, principal consultant for hospitality and tourism at recruiters **Eden Scott** says: "Investment in the hotel and serviced apartment sector in Scotland has definitely intensified the competition for talent within the sector.

"We are seeing a number of acquisitions and mergers which have created a little uncertainty amongst the market and resulted in many remaining in post rather than taking a leap.

"We have seen an increase in the demand for senior commercial sales roles and marketing positions as hotels of all sizes compete for their share of the market. However, it is clear there just isn't the talent pool to cope with demand which, as always, results in improved packages being offered as the main four and five-star players fight it out for the best on the market.

"Many of the main hotels are looking to hire those with real insight into their local market. We are getting a number of applications from further afield, but, unless they are exceptional, the hiring managers are tending to favour those with good local knowledge and networks.

"There is also an increase in demand from hotels for sales teams with experience selling into the events market. For example, one of the largest chains is opening a new hotel in Edinburgh and is recruiting specifically for someone to sell their events space and food and beverage offering. The feedback is the rooms will sell themselves, but to compete they need to attract the lucrative events market and they need the right people to sell the opportunities."

It is because of this demand in the labour market that the Business School at **Edinburgh Napier University** is offering the UK's only MSc in business event management which is offered in study blocks to allow flexibility for people already working in the industry or seeking to get into it. Martin Robertson, the associate professor of international festival and event management at the Business School, says: "We have a created a degree that gives opportunity for a student to gain real new capacities. It's a degree programme created from conversations with leaders in the business event industry as well as application of business school knowledge. Our conversation with

Above: Work has begun on the Chris Stewart Group-developed plan for a 245-bed AC by Marriott hotel, part of a £100m mixed-use development which will transform the north east corner of Glasgow's George Square into the city's newest neighbourhood, Love Loan

> **We have seen an increase in the demand for senior commercial sales roles and marketing positions as hotels of all sizes compete for their share of the market**
> Sally Rae, Eden Scott

IN FOCUS: Kingsmills Group

HOTEL investment in Scotland is that is taking place throughout Scotland from the Highlands to the Borders. One group that is putting a significant amount of investment into the Highlands is Tony Story's Kingsmills Group, which recently launched Ness Walk, its new five star hotel in Inverness.

Craig Ewan, the group's general manager says: "The owner has been keen to expand in Inverness because it is a growing market and a very sought after location in the UK. It is very much tourist driven but in the winter months also has a fairly healthy corporate marketplace as well."

Kingsmills created a new five-star hotel with a near £7.5m investment on a site near the Eden Court Theatre previously occupied by the eight-bedroom Maple Court Hotel.

The Ness Walk has 45 bedrooms and two suites, the Riverbank Room which is a private room for dinners for up to 140 people, a bar with a terrace that leads onto a courtyard and an 80-seater Torrish Restaurant.

The investment in the hotel, which was part-funded by Barclays to the tune of £4.5m, follows previous support for the group to extend its Kingsmills Hotel, expanding its conference facilities and its number of bedrooms to 147.

industry makes sure that we are aware of what is needed now, and the near future. Our research and analysis gives us the ability to suggest what comes next. This is to say, the MSc is about making current and prospective staff useful now, but also capable of supporting a competitive and resilient future."

One issue that is adding to the pressure on the getting of staff in the hospitality market is the UK's imminent planned departure from the EU. Stephen Leckie, chairman and CEO of the **Crieff Hydro** group of eight hotels and chair of the Scottish Tourism Alliance, says it is becoming an increasing problem. "The average in the industry is 22 per cent of EU origin workers, the average for Crieff Hydro the company three years ago was 40 per cent, this year it is 30 per cent and dropping. If you can persuade them to come to work here they like it but it's persuading them to come and work here."

Leckie says that there are far fewer applications coming from Europe now. "That's alarming. We're short-staffed; there are a good 60 vacancies right now across the country. We would fill them with Europeans tomorrow if we could. Of course that means live-in accommodation and therefore we're subsiding the live-in accommodation heavily."

But he says those that are already living and working here show no signs of leaving, according to the sentiments expressed at the staff meetings they hold every two weeks. "I say: 'Tell me about Brexit.' Almost all of them shrug their shoulders, doesn't affect me. Are you worried about it? No. Why not? We're here. So they have no plans to leave. However, it's those that aren't applying for the job and that's when we can't get hold of them. In Scotland most folk who are employable are employed. We need the Europeans to work with us."

But Leckie says that labour shortage issues are not the only ones facing the hotel sector in Scotland. "The rising cost of business in this industry makes it really difficult to reinvest as we would like to and if Crieff Hydro is a microcosm of what's happening in Scotland to this industry then it's potentially facing challenging, tough times.

"The advent of the unregulated, untaxed largely Airbnb – there's nearly as many Airbnb bedrooms in Edinburgh as there are hotel bedrooms – we lost the level playing field. They don't pay the same taxes, face the same regulation, the same fire costs, the same health and safety as hotels do, as proper self-catering operators do. I understand there's a market for it and that's all well and good but it's unregulated and that makes it very difficult for us.

"We have regulation for a reason – we have to presume that – and what happens when something goes wrong with these Airbnb operators who don't have the same regulation, who don't pay the same tax, what's going to happen then? Is that block of flats insured for business use? I don't know."

He highlights the rise in costs including the increase in business rates which has added £250,000 to Crieff Hydro's annual business rate bill. Other rising costs, he says, include the minimum wage for employees and also accommodation for them to live in. "The cost of living accommodation is significant and material for many hotel operators and accommodation operators around Scotland."

He also highlights increases in the cost of food and drink, energy, insurance, National Insurance contribution and the pensions contribution. He says: "It all adds up and if you're making less money, you can't reinvest the same and where is that going to take us?" ■

At the ceremony to open The Events Complex Aberdeen, L-R: Elliot Robertson (Robertson Group), Ed Hutchinson (Henry Boot), Derek Shewan (Robertson Group), Councillor Jenny Laing, Councillor Douglas Lumsden, Paul Robertson (Robertson Group) and Nigel Munro (Henry Boot)

People want independence; they want the comforts of home and especially the space that their own homes give them, and all the features of a hotel

Gavin MacLennan, Lateral City Apartments

Conference facilities at Fairmont St Andrews

IN FOCUS: Fairmont St Andrews

AS WITH most businesses the Scottish hotel sector is looking more seriously at waste and environmental issues. In the last few months the Fairmont St Andrews has replaced disposable water bottles in its 212 rooms with specially designed refillable water bottles – a move that the hotel said will save more than 55,000 plastic bottles a year. John Keating, general manager of the Fairmont St Andrews, said: "In addition to eradicating plastic bottles we are installing three water fountains around the resort making it much easier for guests to top up with their own water bottles."

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The latest edition is Ochil House, a discreet meeting place inspired by the original private members' clubs. Guests can enjoy Ochil House in its entirety with its six unique spaces or book them individually. Exclusive use of this new wing also benefits from private access and breakout lawns.

Conor O'Leary, Gleneagles' Joint Managing Director, said: "Whether guests use the space to hold a fabulous candlelit supper; an elegant wedding reception; a lively cocktail party with friends; a decadent evening of whisky tasting with colleagues; or an important board room meeting – it's the perfect place for any kind of celebration or social gathering, and the various rooms provide an inspiring setting for good conversation, good ideas, good food and good times."

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GLENEAGLES

BOLD BARCLAYS INVESTMENT IS MAJOR BOOST IN SEARCH FOR TOP QUALITY JOBS

Above: The Barclays development at Buchanan Wharf is rising fast

By KEN SYMON

THE NEW **Barclays** development, which is rising out of the ground at Buchanan Wharf on the south side of the River Clyde, is a significant boost to Glasgow's economy and a strong statement on how the city is now seen.

The development is one of Scotland's largest single site construction projects and will include more than a million square feet of prime Grade 'A' office space and will see the doubling of the banking group's current city workforce of 2,500 to around 5,000 jobs.

Leon MacPherson, managing director for locations at Barclays explains why the city was chosen for such a major investment. He says: "We've spent a lot of time thinking about what is the workplace of the future, what do we need to do to attract talent and we came up with our concept of what we wanted to develop.

"We saw a couple of different things that really made Glasgow stand out. One was our existing workforce: very capable, very well educated, extremely productive, great on other things we looked at such as diversity and inclusion.

"Glasgow as a location has world class educational establishments, a very good and proactive investment community and interestingly in Glasgow it's got a very good talent pool and competitor set round all aspects of financial services."

> **We've spent a lot of time thinking about what is the workplace of the future, what do we need to do to attract talent and we came up with our concept of what we wanted to develop**
>
> Leon MacPherson, Barclays (below)

MacPherson says that the city offers Barclays the range of skills it is looking for in areas such as wealth management, investment banking and a range of marketing skills.

"If you think about banks and the way we need to operate in the future we need to be able to track talent across all of those different types of skillsets as well as non-traditional financial services skills and Glasgow is a really good tech base. So that in combination with our existing workforce really meant that it was quite an easy choice to select Glasgow as an area we wanted to invest in and build this world class development to attract and retain talent going forward."

Winning inward investment like Barclays is no accident and Stuart Patrick, chief executive of **Glasgow Chamber of Commerce** and one of the city's main economic champions says it is the payback for the city for a lot of hard work. "To me it's almost like the zenith of a 20-year programme of work. When we announced collectively as Team Glasgow back in 2001 the emergence of an International Financial Services District, I do recall at the time the scepticism of what exactly was meant by that and were we simply pitching after call centre business?

"All the way through the early 2000s it was 'you're just going for the cheap jobs because that's all you ▶

can get – we want better quality jobs. Well for me Barclays is showing that that is exactly what that strategy was aiming towards.

"Of course it's not just Barclays, Morgan Stanley have developed their facilities, we know that J P Morgan are looking at their position in Glasgow and there is Clydesdale Bank's development on Bothwell Street and so forth."

Stephen Lewis, managing director of the **HFD Property Group** says the Barclays development is "testament to the city's growing status as a hub for international businesses – it's an endorsement of a number of the city's attributes. First and foremost is Glasgow's talent pool, which offers companies the ability to hire skilled professionals from graduate to executive level, much more cost effectively than they would in London or many other European cities.

"It also highlights the convergence of areas in which Glasgow has been strong for many years: business and professional services – recent research from Invest Glasgow placed the city first in the UK for both – along with the creative and digital industries."

But Lewis says that Barclays' investment in Glasgow also highlights another important facet of the city. "The deal also demonstrates the ability of the public, private, and education sectors in Glasgow to collaborate around the attraction of inward investment. The public sector is delivering by making Glasgow a great place to live, helping the city offer an attractive quality of life as well as the public infrastructure required to accommodate a business of Barclays' size. The city's higher education institutions are producing high-quality graduates with the skills these businesses need, with the provision of property coming from the private sector. It encapsulates the spirit of innovation and collaboration that sets Glasgow apart from many other cities in the UK and beyond."

Dean Durrant managing consultant at **HRC Recruitment**, also highlights the range of developments around the financial services space. "Barclays' investment in a new campus is undoubtedly great news for the city and supports an ongoing trend of global organisations moving to Glasgow," he says. "It joins the likes of Morgan Stanley and CYBG, two of the major players in finance, which

Clearly, there is a level of confidence in the city and it's continuing to feature at the top of the list for firms looking to grow their operations

Dean Durrant, HRC Recruitment (below)

Stephen Lewis, managing director of the HFD Property Group

have already committed to investing in the city with new headquarters in the heart of the international financial services district.

"Already hosting a large proportion of Scotland's 100 or so registered fintech businesses, Glasgow is fast becoming the location of choice. Clearly, there is a level of confidence in the city and it's continuing to feature at the top of the list for firms looking to grow their operations and attract the best talent. We're also seeing smaller companies being encouraged by the decisions of the big names, recognising that it's no longer essential to be in London and that the skills and infrastructure exist north of the border."

A significant effect of this level of inward investment is, Durrant says, that it will boost the local recruitment market. "In the short term we'll notice more movement and fluidity as talented professionals move into new roles, leaving behind empty positions to be filled. With Barclays and others bringing hundreds of new opportunities to the city, we can predict that there will likely be a snowball effect across the entire financial services sector. We already have a strong pipeline of talented and experienced candidates, but continued investment will only attract more people to the city.

"A combination of solid infrastructure, good connectivity and talented workers has resulted in an invaluable vote of confidence in the city. Glasgow's excellent transport links and continued investment in development and regeneration, such as the exciting avenues project, should cement the city as a location of choice for years to come."

It is not just the Barclays development that is changing the face of the city at the waterfront in Glasgow. **Artisan Real Estate** is currently progressing the redevelopment of Custom House, the former procurator fiscal's office on Clyde Street.

The development, which secured planning permission in 2018, will transform the historic sandstone Grade A-Listed building, having attracted Scotland's first Clayton Hotel, bringing a four-star development including 294 bedrooms, a bar, restaurant and conference facilities to Glasgow. In addition, a 162-room aparthotel for Adagio is planned for the adjacent tenement buildings, complemented by street level bars and restaurants. Work is due to begin this year, with completion anticipated for 2021.

Clive Wilding, property director for Artisan Real Estate, said: "The redevelopment of Custom House will see a derelict building brought back into use through sensitive and creative restoration. We have carefully developed plans that will retain the original building, but will also meet our occupiers' needs, creating a genuinely unique place.

"Importantly, the redevelopment of Custom House feeds into a much bigger plan for Glasgow. It is strategically located on the riverside, which is a key growth area for the city.

"We know that there are aspirations to completely regenerate the waterfront, connecting it with the city centre and creating a vibrant community through the delivery of bars, restaurants and retail and it is exciting to be a part of this. Along with developments such as the Barclays campus, we are confident that the vision for Glasgow's waterfront will be realised, attracting more people to the city centre and strengthening the local economy."

John McGuire, a partner at construction consultancy **Thomas & Adamson**, says: "Redeveloping any Clydeside area is going to reflect positively on the city centre. Since the decline of the shipyards and the legacy of the Glasgow Garden Festival and similar events, the area has really craved rejuvenation. Historically, the Buchanan Wharf area has always caused real issues for developers trying to obtain planning permission.

"Over the years, there have been several schemes and plans; but none have taken off for many reasons. Looking down river from Buchanan Wharf toward the Pacific Quay development, you can see the benefits that these developments can bring to local communities, creating jobs and offering services to local residents.

"Barclays' announcement is already having a positive knock-on effect for the whole of Glasgow, and we expect to see this increase. Clydeside is quickly becoming the Canary Warf of Scotland, which we should embrace.

"North of the river, for example, planning permission is being sought for the Central Quay development, which is a project we are working on as quantity surveyors and principal designers. When complete, it will add 500 built to rents units in Glasgow. As Glasgow continues to become a world-leader in financial technology and international financial services, we can expect to see more under-utilised land in and around the city centre be the focus of more development.

"Glasgow is quickly realising that the River Clyde is an asset that hasn't been exploited for many years, so expect more developments to start to spring up."

Stuart Patrick at Glasgow Chamber says that the new development is not just expanding the city centre south of the river and also highlights the planned Central Quay developments. "It's pushing in all directions," he says. "There are developments that are being explored around the Central Quay area between the Kingston Bridge and the SEC. There are proposals coming through for residential developments there." He also highlights works going on in the Finnieston Basin and the cluster of cultural businesses building up at the Whisky Bond to the north of the city centre. "Arguably Sighthill with a new bridge going across the M8 starts to take the city centre north as well."

He says that the return of companies like Barclays, ScottishPower, Clydesdale Bank and Edrington all wanting to go back into the city centre reverses a previous trend where everything moved out of the city centre.

Another very significant part of the story of the new Glasgow is the work being done by the Clyde Gateway to try and make the east end of the city

The Barclays development is testament to the city's growing status as a hub for international businesses – it's an endorsement of a number of the city's attributes

Stephen Lewis, HFD Property Group (opposite below)

IN FOCUS: Glasgow round-up

In April accountancy firm KPMG announced that it had chosen Glasgow as its second managed serviced hub, recruiting 50 staff for the centre in the first quarter of the year, with a further 150 being recruited in June. Glasgow was – also in April – ranked second in a list of leading tech destinations in the influential Tech Cities report from CBRE.

Glasgow-based recruitment group Search announced in August that – with the acquisition of London-based Henderson Scott – its annual net fee income had topped £50m, rising to £52.8m from £41.2m previously.

Kingdom Technologies, a start-up based at the University of Glasgow has developed a robotic lawn mower for large terrains targeting a lawncare and grass-cutting market which is worth an estimated $24bn (£20bn) a year.

Glasgow-based Smart Metering Systems announced in July that its energy meters are now installed in a million homes.

The EY Scottish ITEM club predicted in its 2019 forecast that Glasgow would emerge as the city leading economic growth, ahead of Edinburgh and above the average growth rate for Scotland and the UK.

Glasgow's financial services sector was recognised as among the top 15 most reputable in Europe according to research but a recent study said that the city must improve its "business brand".

TOP MARKS FOR ALPHA SCOTLAND

Alpha Scotland has seen a 20% growth in its business in the past year through expanding its reach within the education sector in Scotland.

Part of the Alpha Group, the company specialises in office and educational furniture and has been operating for 30 years. Alpha has been involved in a range of educational projects which span from Special Educational Needs Primary Schools to some of the UK's most prestigious University Campuses. The company has recently delivered a number of major contracts in the Scottish market, completing innovative refurbishment projects at University of Glasgow, University of West Scotland and Edinburgh University.

Alpha credits the surge in demand for contemporary, multifunctional furniture to new trends emerging within the education environment and a growing need to respond to the changing needs of students in order to compete on a global playing field. Paul Black, CEO, The Alpha Group, said:

"The present climate in the education sector is that of change and development, with the aim of producing a competitively skilled workforce for the 21st century. Young people are taught skills for jobs that have not yet been conceived, so this really is an exciting time for the education sector.

"As teaching styles evolve, learning experiences are enhanced by classroom configuration and furniture design. Universities are increasingly modernising their facilities to attract students outside of the UK and Alpha has identified this sectoral opportunity, investing in research and development to better understand the needs of the modern student.

"Universities and schools are essentially businesses, it is their job to attract and retain the best students and with our help they can provide modern, dynamic learning spaces to help them achieve this.

Universities and schools are essentially businesses, it is their job to attract and retain the best students and with our help they can provide modern, dynamic learning spaces to help them achieve this.

"Thoughtfully designed learning spaces which include visual stimulation and flexible configurations are proven to improve student performance and teacher retention. Using an insight-led approach, we strive to create classrooms that encourage higher levels of engagement, improved attendance and better academic performance. We have a passion for understanding how learning best takes place and how smarter, active learning spaces can help.

"A perfect example of this is our ongoing work with The University Of Glasgow, over recent years we have designed and installed furniture for; The Sir Alexander Stone Building, Gilchrist Café, Joseph Black Library, West Medical Building and Adam Smith Building within the University campus. These key active learning environments are always designed with the student in mind creating inspiring spaces which fulfil the needs of students and educators. Digitalisation of traditional learning methods, and an increased emphasis on mobile technology also mean there are less need for static desks and rigid learning environments, so we opted for more opting for more informal, comfortable areas where students can use their laptops to study remotely.

"We have seen our business grow from strength to strength with the opening of our new Alpha Scotland premises in Glasgow, and we will continue to strive to set ourselves apart as specialist furniture suppliers for the education sector."

For more information on Alpha Scotland call 0141 225 5170
E: hello@alphascotland.com or education@alphascotland.com
W: alphascotland.com

alpha Scotland

Artisan Real Estate is currently progressing the redevelopment of Custom House in Glasgow

a thriving business hub. There is a new wave of businesses moving into and expanding into the east end with one of the most recent of these being Cloud Cover IT. The company which occupies one of Clyde Gateway's office spaces in the Bridgeton area in the city's end has just been awarded £324,000 in funding to further its growth, with £154,069 coming in Regional Selective Assistance grant from Scottish Enterprise and UK Steel and Business Loans Scotland having contributed £85,000 each.

The funding will further the expansion of the business which has already grown from having three employees in 2012 servicing 40 clients to 26 employees and 150 clients worldwide. Cloud Cover will grow its employee numbers to 30 by the end of the year

The innovation grant it receives from Scottish Enterprise will help the business to develop its SharePoint technology and contribute towards the city and the wider Scottish economy's work towards Industry 4.0, the fourth industrial revolution. Already Cloud Cover's clients benefit from its smart applications that enable them to analyse production data, make efficiency gains and reduce production costs. The grant will help it invest in Industrial Internet of Things to link their software development with SharePoint using its own IT infrastructure specialists to link data sensors into cloud solutions accessible over mobile apps that Cloud Cover IT will design.

Importantly, the redevelopment of Custom House feeds into a much bigger plan for Glasgow. It is strategically located on the riverside

Clive Wilding, Artisan Real Estate (below)

Another business in the city's east end very much focused on growth is the **Drygate Brewing Co** which in July unveiled a new brand and product offering. Five years on from its launch it is combining its core range and more recent Studio range into one. Matt Corden, managing director at Drygate Brewing Co, said: "We feel that to continue to compete in today's crowded market, it is crucial that our range is recognisable and coherent. We've always had exciting and bold branding, but it was important to us that our range felt like a family as we move forward. Five years of business felt like the perfect time to take a step back and develop a new look that represents Drygate as it stands today."

As part of the changes, Drygate's on-site bar and kitchen has rebranded as the **Drygate Brasserie**. Neil Park, the operations manager says: "Our style of food has evolved over the years, but what has remained consistent is our love of combining food and beer. By renaming our bar and kitchen, we're giving a nod to the traditional French brasserie; a place where beer is brewed and served fresh alongside classic dishes such as steak frites and mussels, in a relaxed and informal atmosphere."

A revived and dynamic waterfront, new technology-led businesses and steak frites in the east end all give a very different view of Glasgow from the 'post industrial city' one that still lingers on.

Reflecting on the changes Stuart Patrick at Glasgow Chamber says: "We've neglected to tell the story sufficiently well about the long-term shift in Glasgow. Looking over the first couple of decades of the 21st century we have not said enough about what has changed in Glasgow and why that has given us hope for the way the city is going to change in the future. We are perhaps over-focused of the specifics of three-four year time frames and consequently losing some sense of the progress that's been made.

"The positives of Glasgow are not well understood and they're not well understood at home never mind elsewhere in Scotland and certainly elsewhere in the rest of the world.

"We're well appreciated for some of the progress we've made in the destination markets, the work that's been done on presenting Glasgow as a tourist destination, especially the work that's been done with the Scottish Events Campus and the role of the Events Campus as an attractor of business, in business markets and in entertainment markets.

Even furth of Scotland that's relatively well appreciated but the changing nature of Glasgow's business economy is just not there. You can't see it in the descriptions and assessments of Glasgow.

Patrick says: "But the evidence of actual change is there, whether it's the growth and power of financial services sector or the emergence of science and technology-based business in the city, the practical evidence is emerging. This is still not well enough understood and those interested in the city's economy and in promoting it have work to do."

Patrick also says that there is also work to do to build up the range and depth of the city's business base. But he says it has grown significantly over the last five years within the city boundaries having added 3-4000 net additional companies to the business base. ■

LAW FIRM SATISFIES APPETITE FOR GROWTH

New Glasgow hub and key appointments underline Shoosmiths' intent

AS THE saying goes, speculate to accumulate. While the swirling mists of Brexit continue to influence economic forecasts, recent developments at Shoosmiths firmly underline that the UK-wide law firm has its sights firmly set on achieving further growth and success in Scotland.

Last month the firm published its annual results, confirming continued strong performance across its legal divisions. Aligned with positive financial results, the Edinburgh office has also recently made several notable senior level hires and promotions within its real estate and corporate departments.

Still more significant is the news that the business named National Law Firm of the Year at The Lawyer Awards 2019 has opened a Glasgow hub. It's a move that points to a strategic focus to robustly develop its footprint in Scotland, a journey that began when it put down roots in Edinburgh in 2012.

Barry McKeown, who joined Shoosmiths in May as a lateral hire and partner within the 20+ strong real estate team in Edinburgh is the lawyer responsible for developing the firm's presence in the west of Scotland. Operating from the Spaces development on West Regent Street in Glasgow's city centre, McKeown is relishing the challenge of successfully applying his formidable track record of advising clients across the commercial and residential development landscape.

He commented: "Shoosmiths' decision to open a Glasgow hub underlines our real commitment to grow our Scottish business and extend our offering to businesses across Scotland and the UK. We already act for many clients in the west and by actively investing in office space and headcount in Glasgow we are underlining a clear strategic intent that can only further benefit our clients.

"In a business sense, the Edinburgh and Glasgow markets are very different. Our presence in Glasgow ensures we can directly support our west of Scotland client base, including those in the house-building sector and residential developers.

"From our hub in Glasgow and drawing upon our wider regional network, we can offer clients in Scotland and throughout the UK invaluable industry insight and legal knowledge to support their businesses. This includes large UK employers who are currently based or aim to be based in Glasgow and have occupier requirements."

Fraser Conn, Regional Director for the west division of Bellway Homes is among existing clients to have welcomed news of the Glasgow move. He commented: "As a national house-builder operating across Scotland, Shoosmiths decision to open in Glasgow is a positive strategic move in terms of the Scottish market, but crucially in further supporting our own growth and development in

We operate in a highly competitive and ever changing sector and it's imperative that we continue to evolve as an agile, forward looking firm

Janette Speed, partner and head of Shoosmiths in Scotland (above)

that part of the country it is particularly welcome."

In December last year this very publication reported on an EY Scottish Item Club Forecast 2019 that anticipated 'Glasgow is expected to emerge as the city leading economic growth in Scotland.' Economic forecasts can be fickle but Janette Speed, real estate partner and head of Shoosmiths in Scotland is upbeat about the firm spreading its wings westward.

She said: "We operate in a highly competitive and ever changing sector and it's imperative that we continue to evolve as an agile, forward looking firm.

"I believe our Glasgow presence will benefit Shoosmiths' growing client base across the likes of real estate, corporate and litigation who seek specialist advice and services.

"Having acted for years on various significant developments in the city, Shoosmiths is no stranger to the Glasgow market. Our real estate and banking teams recently advised a banking client on its client's refinance project that involved the refurbishment of former student accommodation in the Candleriggs area of the city's Merchant City. There have since been many reports of the success of that 96-unit Build-to-Rent (BTR) development.

"Time will tell but I anticipate a presence in the west will also help the firm to engage a greater pool of legal talent, drawing in lawyers who are keen to be part of a dynamic business that already has over 1600 lawyers and business support employees throughout thirteen UK-wide offices."

Increasing headcount is very much part of Shoosmiths story this year and in Glasgow, McKeown expects his current staff will increase in the months ahead.

In Edinburgh, Steve Dougherty, head of real estate for Shoosmiths in Scotland has just welcomed another big hitter to his team, with Fraser Mitchell joining as a planning partner in August.

Dougherty is well aware of the significance of that appointment. It comes at a pivotal time in Scottish planning legislation, with Stage 3 of the much discussed Planning (Scotland) Bill, that will make provision (as an Act) for how land is developed and used in Scotland passed by Holyrood in June. As Dougherty explained:

"Fraser is a highly respected planning lawyer who has extensive experience of planning matters, including acting for public bodies and private developers. His breadth of specialist knowledge, including of Scotland's planning system and latest legislation will be invaluable to our expanding client base, including volume house-builders, developers, property funds, affordable housing providers and commercial developers."

Mitchell's appointment also comes in a period when the inter-disciplinary teams throughout Shoosmiths UK-wide offices are noting more retail clients are keen to explore the likes of innovative out of town storage space options as they adapt operations to reflect consumer online buying trends. Client requests to advise on energy efficient, mixed-use or 'smart' office / living spaces are also on the rise.

With a growing client base, increased geographical footprint and formidable legal talent within the team, Dougherty and Speed have every reason to observe the challenges in Scotland's business sector with a degree of optimism.

Yet as Speed noted, the strength of Shoosmiths offering in Scotland has never been only in real estate. She pointed out that for the past four years Shoosmiths has been ranked in the top five firms for deal volume in Experian MarketIQ's M&A Review while for the past three years the debt recoveries and litigation division in Scotland has been team of the year at the Law Awards of Scotland.

Alison Gilson, partner and head of corporate for Shoosmiths in Scotland welcomes the decision for the firm to develop a west of Scotland presence, highlighting the firm's successful track record in advising clients along the M8 corridor. Said Gilson: "MV Commercial Limited, a UK-wide specialist commercial vehicle hire company is a long standing client that engages with our corporate, real estate and banking teams.

"Shoosmiths advised on MV Commercial's significant multi-million pound investment in an eight-acre site on the Brownsburn Industrial Estate in North Lanarkshire. The corporate team has also just completed an acquisition of a group of companies that operate several pharmacies in the west of Scotland. These are just two of many examples that underline why it's both timely and strategically significant for Shoosmiths to extend our footprint in Scotland."

To find out more about how Shoosmiths can help your business, please contact: 03700 86 3000

www.shoosmiths.co.uk

SHOOSMITHS

BREXIT DOMINATES CONVERSATION ON FUTURE OF SCOTTISH BUSINESS

By KEN SYMON

PANEL MEMBERS

Ken Symon
editor, Scottish Business Insider

James Withers
chief executive, Scotland Food and Drink

Scott Black
managing director, FWB Park Brown

Mairi Spowage
deputy director, Fraser of Allander Institute

Stephen Phillips
partner, CMS

Alex Barr
founding director, The Big Partnership

Kenny Rose
partner, CMS

David Murray
managing director, Murray Capital Group

Thanks to CMS for hosting the Round Table.

Q What is your view of the current state of the economy and how is your sector faring?

James Withers: Our sector is living a bit of a dual existence. We've got, a strategic plan and vision out to 2030, so in the long-term outlook, confidence is really high. There's a world of opportunity out there for Scottish food and drink businesses, both in terms of driving growth in the UK, and overseas. We're living in a world that increasingly is looking for premium and quality, and strong provenance stories, and that's really what Scotland is about. So, we've got momentum, an industry that was static ten years ago, and is now one of the best-performing.

Long-term confidence is tempered by waking up in the middle of the night in a cold sweat, and remembering that there are actually people in power who will support a no deal Brexit. That's scaring us, and I would use, scare, as the word. Forty per cent of all our export sales, over £2bn go to the European Union. Whisky dominates our export sales. But if you take whisky out, the outlook for the food sector is even more stark, about two-thirds of all our food sales go to the EU.

The industry will survive a no deal but it could be set back years. And for some of our most iconic products the EU market will close, the levels of tariffs in a no deal will just shut that market for us.

Scott Black: James, you can see the macro and long-term effect because of the important and supportive job you and your colleagues do. When you are running a small business however you might not be around long enough to see those long term effects and potential benefits and you will be worrying about the short-term impact. My wife and I were up in the west coast of Scotland last week


Kenny Rose

enjoying some fantastic seafood and the local producers are scared stiff of Brexit. It's all very well people talking about trade deals and the future, but it doesn't help if you are seriously worried about next month's salary, and the month after that and all the other costs which are potentially hitting them. It's a theme you would see reflected across a whole range of industries.

JW: There's this myth, which is promoted by those who would support a no deal Brexit, that it will be fine as long as businesses just get their plans in place. We are not able to mitigate the full impact of a no deal Brexit, it's just not possible. For our industry, the only thing worse than a no deal at the end of March, is a no deal at the end of October. Because even if you want to stockpile, every bit of storage around the food and drink industry is pretty much taken up as we start the run-in to Christmas. For a small business, even if you're exporting seafood, where the tariffs won't block you out of the market, in the same way as they would do if it was Scotch Beef, or Scotch Lamb, disruption could be huge.

SB: In our business, our Brexit planning has focused on managing our costs, being prudent and building up a bit of

cash. That's about the limit to what we can do in preparation for Brexit. We've got a business in the US and that's doing really well and we are getting an exchange rate benefit. Maybe that will be some sort of hedge for any UK downturn. But there really are limits to what smaller businesses can do in preparation for a no deal Brexit.

Ken Symon: Are you seeing fluctuations in the recruitment market because of Brexit?

SB: We are operating at the relatively senior end of the market. Confidence remains high, both at the candidate and client ends. Our candidates are generally people who are approaching board level or are there already. They are confident and generally speaking that's been the story for the last couple of years. In the last few weeks there have been more nervy conversations about the prospect of a no deal Brexit. I would expect this to increasingly become a feature as we approach October and there may be an impact on confidence.

Mairi Spowage: The approach by some businesses to stockpile, to hold cash reserves, to be prudent in order to mitigate whatever they can, in preparation, is borne out very much in the data. What else could that money be doing if we weren't in this situation? What are the opportunities that are being lost because of business investment not being taken forward? At UK level, and Scotland, to be honest, the business investment figures have been pretty dreadful particularly the last year or so.

There's no doubt, though, that the UK economy is in a much poorer place now than was thought before the EU Referendum. There's a lot of rhetoric about the doomsday scenarios that were made before the Referendum that didn't come to pass. And yes, they didn't come to pass immediately, but if you look over the period, we're getting closer and closer to that position that, for example, the Bank of England thought we would be in after the EU Referendum. It's just happened more slowly.

Alex Barr: George Osborne said, there was going to be, what, 800,000 job losses within a year, if there was a no vote, and there were 500,000 jobs created.

MS: Indeed. But you can see it over the years, the lack of business investment, and the lack of confidence, has definitely had an impact on what was expected to be the overall size of the economy.


David Murray


Stephen Phillips

It's not only Brexit which is the issue; for instance there is retail where technology changes and the economy, generally, is having an impact

Stephen Phillip, CMS

Kenny Rose: What worries me about what you've just said, Mairi, is that lack of investment, some of that is short-term, but some of that is the long-term, the need to invest in technology including digitisation and artificial intelligence. That investment in technology and digitisation is needed to put Scotland at the forefront. I question whether that is happening right now. There has been well-intentioned talk of how Scotland can position itself for these technological changes but the disruption that we're facing at the moment puts that in jeopardy. But the long-term impacts won't be known for some time.

Stephen Phillips: We should be concerned about what's going to happen with future investment in certain key sectors. In some cases, it's not only Brexit which is the issue; for instance there is retail where technology changes and the economy, generally, is having an impact.

However, if you look at areas where Scotland is actually stronger, compared with the rest of the UK, with universities being a classic example, where they don't employ a lot of people but are also integral to the success of sectors such as fintech, then the feedback we're getting is that they have experienced real difficulties in terms of recruitment, not only of students but also of academic staff. What they are saying is, that's not just about the EU, that's world-wide, where there has been a reputational impact on the perception of the UK as a place to study and work.

JW: That labour issue is a huge one. About a third of our workforce are EU nationals. There's a kind of myth that these are folk that are reluctantly hired to fill a gap in the night shift. These folk are working from factory floors to boardrooms. A lot of business we saw in the early 2000s couldn't grow, because they were like Walkers Shortbread up in Aberlour, an area of full employment. When the Eastern European countries joined they got the workers in.

SB: As a recruitment business, we are not seeing that issue coming into play at the senior level of the market when we are making approaches to people located outside of the UK. We are not noticing any hesitancy about considering whether to come to the UK and in particular Scotland. We are also not seeing an impact of the higher rate of tax for high earners. If however the direction of travel in Scotland were to mean that those tax rates would get higher and the differential between Scotland and the UK increase then I would imagine that will become a problem. But going back to Brexit that hasn't as yet really impacted on whether senior people would come to Scotland or not.

JW: One of the big challenges we're finding is the madness of a £30,000 salary threshold for immigration. It's more than we're paying most of our teachers and nurses. It's been deemed a threshold for skills, which is insanity to me. Although, what we've found, certainly in Europe, when we've talked to customers out there – what surprised me – is their understanding

surprised me – is their understanding of the distinction between a generally pro-European Scotland, versus an anti-European England, as they have seen it. They sense that Scotland is in a slightly different place.

KS: Alex, marketing and PR can be a barometer for the economy, what are you seeing in your business?

AB: At our year end in May, we topped £10m in fees. We analyse work flow very closely at the moment, and the pipeline is as strong as it's ever been. There are lots of ambitious businesses out there, who see digital marketing as the way to go, and that's the space we're in.

When the banking crisis happened, and companies were cutting their budgets, marketing and PR spend was one of the first things to go. But the way that the market has moved, they see it's far more integral, now. As a result of that, we've got a very strong business flow coming through.

David Murray: We've always been quite diverse, sometimes too diverse! Currently our group is split into four broad areas: steel stockholding, where the market is currently very challenging; a real estate business, a private equity portfolio, and wine making/distribution businesses. We're a long-term family investment group, and some of our assets we have owned for 20, 30, and 40 years. So we are used to the ups and downs of owning and running businesses. Unlike the financial crisis, when we were heavily leveraged, we don't have any debt, now. So that is also allowing us to be long-term in our thinking and approach.

Our biggest single investment is our strategic land in the west of Edinburgh, which we have owned for over 30 years. We have plans waiting for Scottish Government approval for much-needed housing, the frustration we've got is the planning process. It just takes far too long to unlock value in some of these big infrastructure projects in Scotland.

On Brexit, a couple of our businesses stockpiled in Q1 ahead of the proposed Brexit in March and are thinking about it for October. However there is only so much you can do as an SME. We are sitting on a lot of cash, and we're still making sales as trade continues. But I don't think anyone is losing any sleep over it. We are in it for the long-term, we'll see it through. There are bigger macro issues going around than Brexit though, in terms of quantitative


James Withers


Alex Barr

There are lots of ambitious businesses out there, who see digital marketing as the way to go, and that's the space we're in

Alex Barr, The Big Partnership

easing, and the cheap debt that's getting pumped in. Interest rates that are being kept artificially low and keeping some poor companies alive. When that unwinds we will have even bigger issues than Brexit. Then there is the global trade rift between America and China, and how will that impact. Brexit is, obviously, in everybody's face at the moment, but we're looking at projects that are going to happen in five, 10 and 20 years' time. So it's not such a big deal for us.

Don't get me wrong the short-term will be difficult, as it looks like we're maybe heading for a no deal. However I don't really know what impact that's going to have on our businesses. It's probably not going to be positive, but in the longer term, we'll get through it. We've been through a lot worse, as a business and an economy.

Q What are the factors that businesses need to consider about Brexit? Are there matters that may cause issues such as legal problems?

SP: One issue is how a sector, its products and services, is regulated. Take the example of aerospace components. Post-Brexit regulation is a massive issue. The right to sell aerospace components to America, which is the largest aerospace market in the world, is dependent upon mutual recognition of certification and standards between the EU and the US; it has nothing to do with the UK alone. So unless you are certified by the EU aviation authorities, you will have real difficulties exporting to the US; UK certification will not be sufficient. This is an example of a problem created by Brexit which has not been resolved.

We should remember that whilst we talk about Theresa May's deal – there was no deal. The agreement gave us a bit of certainty that for a transition period, there would be some continuity in our trading relations with the EU but there was no clarity on how any future trade agreement would apply to key markets, such as financial services. Even if we had left with Theresa May's deal, we still wouldn't know if there would be a trade deal, or what its terms would be. Against that background, some smaller businesses, just put up their hands up and said, I don't know what to do, I don't know what the outcome will be, it's just too complex.

KR: The concern I have is that people just play the way they're facing, and they'll try and get through it that way. Businesses will deal with the day to day issues, you know, customs, tariffs, or whatever it might be. What they won't be doing is thinking longer term and thinking where do they need to invest, what do I do about technology? There is a real risk that those decisions aren't happening. Because in an uncertain market, people defer those decisions.

DM: We have been making some capex decisions in our companies despite the current economic issues, because we think it's the right thing to do. Even in our steel business, which has been struggling, we've invested £1.3m in a new profiling facility down in Middlesbrough. But unfortunately, that's cost a dozen job losses. We've had to do it to invest in the technology and be more efficient, to allow us to continue to be at the forefront of steel profiling and processing. You've got to, if you can afford it, to make these decisions, rather than parking capex requirements as it will catch up on

you in the future!
JW: I suspect, if we were round this table, in 2030, and we're looking back on the decade that's just gone, Brexit might be one of the smaller things that have changed our world. It might be technology, changes in consumer behaviour, how we're interacting with product, how global trade works, all of that, which will make the biggest impact.
SB: Or whether we can get a train system that actually works. Or get 4G across the country, improve infrastructure and core services. All the way through the winter, while we were all arguing and conjecturing about Brexit, one of the most frustrating issues we were all dealing with was whether the trains would turn up in time or at all. That's a very good example of the pretty fundamental challenges which people face day in day out.
MS: Some of the evidence seems to be that some businesses are investing in labour, rather than capital, because it's a more flexible adjustment they can make depending on what happens. But you're right, the challenges that the UK and Scotland has haven't gone away in the midst of all this. The productivity challenge, whether people have the right skills. The demographic outlook for Scotland, is a massive issue. Now, it's obviously impacted by the new migration regime, but it's much more of a problem for Scotland than it is for the UK as a whole.

Q How much effect is the vast array of new technologies – big data, artificial intelligence, machine learning – going to have on different sectors?
SB: Almost all of our service can now be delivered electronically. The saving grace for our industry is that ultimately at the core of the service lies our judgement on quality and fit. As I say most of what we do now is delivered electronically.
AB: There are enormous parallels between your business and mine, in that technology is fundamentally an enabler. So, for example, I sent a news release out today, there never was a paper copy of that release. I was able to do it by pulling onto the side of the road and sending it from my phone, along with a photograph of the client, and it'll be published tomorrow. It's absolutely transformational. The pace of change driven by technology, and the opportunities that that's


Scott Black


Mairi Spowage

The lack of business investment, and the lack of confidence, has definitely had an impact on what was expected to be the overall size of the economy
Mairi Spowage, Fraser of Allander Institute

presenting today, are phenomenal If you can catch that wave, and you're willing to risk, and be ambitious, the world's your oyster.
SB: Alex, your business has clearly grown and as you say is having its best ever year which is great to hear. So you must have invested in technology. I said earlier that we have been building up our bank balance but at the same time we have been investing across the business in people and in technology. If we don't keep investing then we are going to get left behind as others will. And if you don't invest along the way then in all likelihood when you do want to catch up it's going to come at an enormous and possibly prohibitive cost.
MS: We see it in our profession, as well, on the analysis side, there's much more focus on being able to manipulate large data sets, and understanding new software packages, or machine learning. These are the sorts of skills that are really sought after by people in the field.
DM: There is a lot of change. I've seen a number of business opportunities recently for the sharing economy, which has really opened up my eyes to the future of things. The next generation are not as fixated to owning physical assets. They're not as tied up in actually owning a car, because they can get Uber. They don't need to go to a restaurant, they can get Deliveroo. There are a lot of businesses that are being an enabler to the next generation to get access to these things but not actually having to own them. So you don't have the legacy of mortgages, or loans. It really is changing the environment, and from an investment opportunity as well, it's quite good, because they're capital light.

Q The sharing economy does offer big opportunities, but on the other side, are there not issues to do with the regulation of legacy providers like the big hotels?
AB: Look at the starkest example of it, look at Amazon, and at every high street in the country. Okay, George Street, tends to do well, Buchanan Street tends to do well. But the hollowing out of the retail provision across the western world, unless there is something done, that's only going to end up one place. And that's, in effect, large scale dereliction of the high street.
SB: It shines a light on the fact that with new technologies and disruptive businesses , whether its Facebook, Amazon, Google, Airbnb, Uber or whatever the legislators are almost inevitably playing catch up. Globally no one has really got a grip of how we regulate and indeed tax some of these businesses.
If we continue to substitute businesses on the high street which we can more straightforwardly regulate and tax with businesses we can't then we have a problem. Someone how or other government needs to work out how it is going to generate revenue from i.e. monetise these new businesses.
AB: The answer to that, in part, is that one country can't do it, you need to do it with much bigger blocks. Multinationals will work a way around that. I'm not treating multinationals like an enemy here, but the reality is, with the likes of Amazon, you need to think about, how you localise the economic impact, or economic benefits of that. In part, it has to be done on a supranational level. ■

First Group shares surge as board rejects rebel motions

Ken Symon's regular digest of Scottish stock performance

THERE were decidedly mixed fortunes for Scottish listed companies over the past month with some business seeing sizeable movements in their share prices. Over the time fallers outnumbered risers by a comparatively small margin with 22 companies seeing a drop in their share price while 19 saw a hike. The overall balance on the main market was negative with ten in the down folder and seven seeing a rise while on the Alternative Investment Market the ups and downs were tied dat 12 apiece.

First Group, the leading ground transport business was the biggest percentage rise in the main market with the shares have going up by more than 14 per cent over the last month. The Aberdeen-based group share price boost followed the calling of a strike in the South Yorkshire area.

The group has also in the last few weeks seen off a move by Coast Capital to effectively take over the company. At a an extraordinary general meeting held on 25 June shareholders voted against Coasts's rebel motions by a more than four to one majority.

Coast's motions had called for the removal of six main board directors including chairman Wolfhart Hauser and replacing them with Coast's own candidates. Since the meeting Hauser has announced that he is standing down, meaning he will hand over the reins for the break-up moves of the group.

The biggest riser in overall percentage terms was IT managed services business IDE Holdings which returned from its share suspension on a higher track and actually saw a 224 per cent rise in its share price from previously. The business had been loss making in its previous results but said that there had been a marked improved in the pipeline of business both across its existing customers and new business.

The biggest faller is main market listed AG Barr with the soft drinks business having seen its share price fall by more than 26 per cent over the last month. The serious loss of fizz by the Irn Bru-maker follows a profit warning by the business issued in the middle of July. The Cumbernauld-headquartered business said it expected a 10 per cent fall in sales and profits to slump by up to 20 per cent as they suffer by comparison with a strong year in 2018.

The business then cited the poor weather and the "challenges" facing some of its brands, specifically its Rockstar energy and Rubicon drinks. The company changed the recipe for its Rubicon drink following the introduction of the sugar tax which led to complaints about the new taste and falling sales.

The Rockstar energy drink brand has suffered following a crackdown and awareness-raising by by campaigners citing the problems of teenagers consuming such high-caffeine drinks. Several supermarket groups have banned sales of the product to under-18 year old customers.

The second biggest faller was the Clydesdale Bank group CYBG which saw its shares fall by a fifth after it announced that it had experienced a large volume of mortgages being paid off during the third quarter of the year, which hit its lending income. Its mortgage fell by 0.2 per cent to £60.4bn during the quarter.

The Glasgow-based bank said that the difference between what it earns from lending and what it pays for deposits was three basis points lower than the previous year "due to the refinancing impact of a large volume of mortgage redemptions."

David Duffy, the group's chief executive, had said that despite Brexit and a highly competitive mortgage market the group remained on track to deliver a full year performance in line with its previous guidance. The group said that its new strategy to market under the Virgin Money brand creates and opportunity to deliver a new force in in consumer and business banking.

Quiz, the Glasgow-based fast fashion brand which is Aim-listed saw a near 17 per cent fall in its share price, meaning it was the third biggest percentage faller over the last month, continuing a decline in its share price. ■

Biggest risers

NAME	% CHANGE 1 MTH
IDE GROUP HOLDINGS PLC	224.68
LANSDOWNE OIL & GAS PLC	59.23
SPACEANDPEOPLE PLC	16.67
FIRSTGROUP PLC	14.50
BEEKS FINANCIAL CLOUD GROUP PLC	12.26
BRAVEHEART INVESTMENT GROUP PLC	10.00
STAGECOACH GROUP PLC	7.00
JOHN WOOD GROUP PLC	5.97
PARKMEAD GROUP PLC (THE)	5.77
INDIGOVISION GROUP PLC	4.90

Biggest fallers

NAME	% CHANGE 1 MTH
A.G. BARR PLC	-26.11
CLYDESDALE BANK (CYBG)	-20.30
QUIZ PLC	-16.67
CAIRN ENERGY PLC	-15.43
PLEXUS HOLDINGS PLC	-11.39
WEIR GROUP PLC (THE)	-11.23
SMART METERING SYSTEMS PLC	-9.98
ROYAL BANK OF SCOTLAND GROUP PLC	-8.76
NUCLEUS FINANCIAL	-6.97
JOHN MENZIES PLC	-5.46

AG Barr's Rockstar energy drink brand has suffered following a crackdown and awareness-raising by campaigners citing the problems of teenagers consuming such high-caffeine drinks

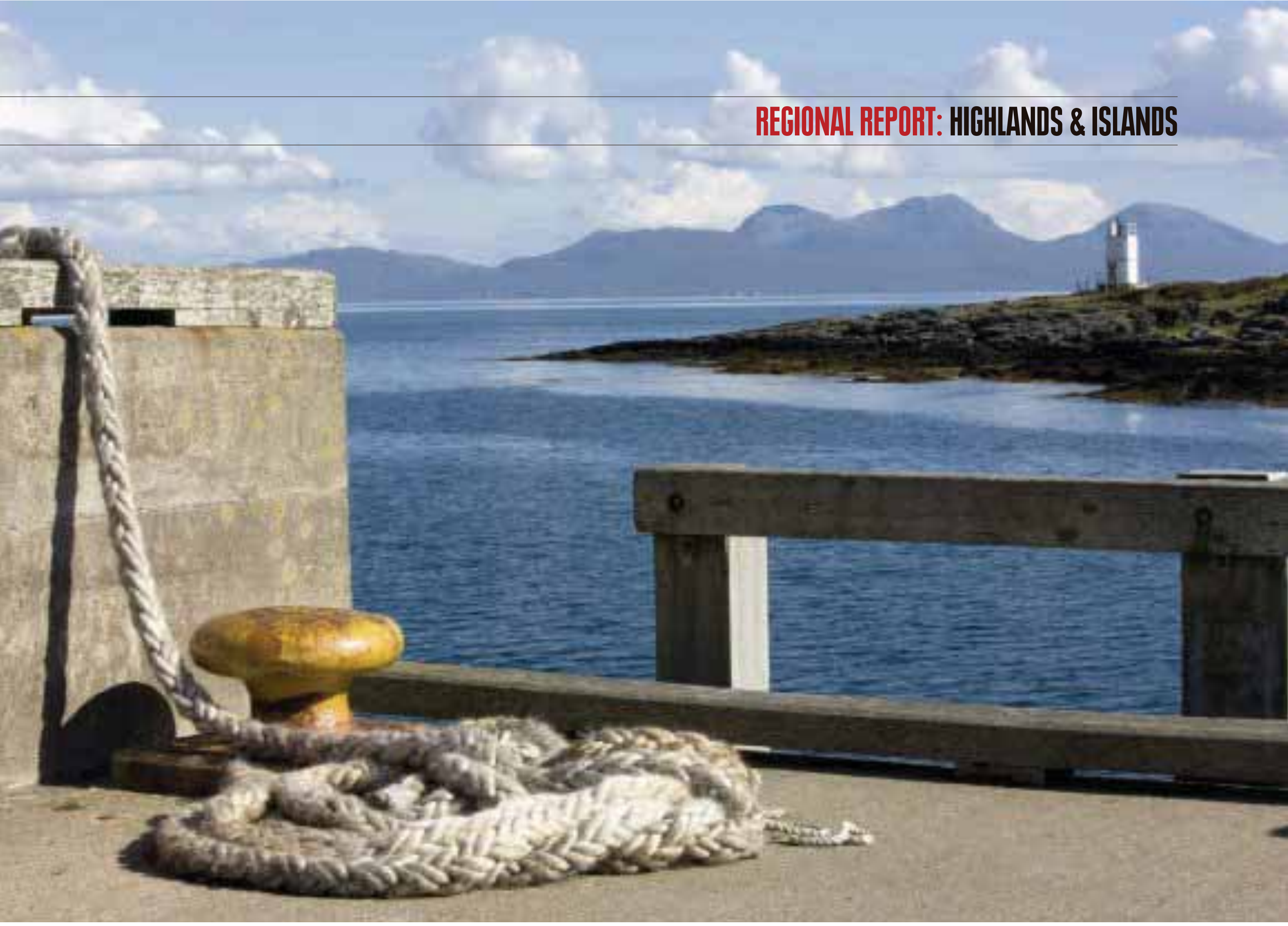
Main Market

	LIST DATE	MARKET* VALUE (£m)	SECTOR	SHARE PRICES 5 YEARS AGO	1 YEAR AGO	LAST MONTH	THIS MONTH	% CHANGE
A.G. BARR PLC	2/4/1970	774.58	SOFT DRINKS	650.00	684.00	923.00	682.00	-26.11
AGGREKO PLC	29/9/1997	2112.03	BUSINESS SUPPORT SERVICES	1722.00	811.50	810.00	824.50	1.79
ALLIANCE TRUST PLC	17/7/1947	2682.98	INVESTMENT TRUSTS	437.00	768.00	812.00	813.00	0.12
CAIRN ENERGY PLC	22/12/1988	872.48	EXPLORATION AND PROD.	183.00	242.50	175.00	148.00	-15.43
CLYDESDALE BANK (CYBG)	3/2/2016	2275.76	BANKS	N/A	346.00	199.50	159.00	-20.30
DEVRO PLC	30/6/1993	345.58	FOOD PRODUCTS	243.00	193.00	212.00	207.00	-2.36
FIRSTGROUP PLC	16/6/1995	1391.29	TRAVEL AND TOURISM	119.50	90.00	100.00	114.50	14.50
J SMART & CO (CONTRACTORS) PLC	25/3/1973	49.55	REAL ESTATE HOLD, DEV	97.50	110.00	114.00	114.50	0.44
JOHN MENZIES PLC	3/10/1962	359.41	BUSINESS SUPPORT SERVICES	651.00	643.00	449.00	424.50	-5.46
JOHN WOOD GROUP PLC	5/6/2002	3329.32	OIL EQUIP. & SERVICES	742.50	637.50	461.00	488.50	5.97
MACFARLANE GROUP PLC	20/6/1973	150.77	BUSINESS SUPPORT SERVICES	41.00	100.00	96.50	96.00	-0.52
ROYAL BANK OF SCOTLAND GROUP PLC	10/7/1968	24533.11	BANKS	346.00	258.00	222.50	203.00	-8.76
SSE PLC	18/6/1991	11258.09	ELECTRICITY	1455.00	1241.00	1157.00	1097.50	-5.14
STAGECOACH GROUP PLC	19/10/1998	725.86	TRAVEL AND TOURISM	344.00	161.00	121.50	130.00	7.00
STANDARD LIFE ABERDEEN PLC	10/7/2006	7024.65	LIFE INSURANCE	425.00	304.00	298.50	291.50	-2.35
STV GROUP PLC	25/3/1973	146.19	BROADCAST AND ENTERTAIN	363.50	431.00	358.00	373.00	4.19
WEIR GROUP PLC	25/1/1946	3572.12	INDUSTRIAL MACHINERY	2571.00	1858.00	1550.00	1376.00	-11.23

Alternative Investment Market

	LIST DATE	MARKET* VALUE (£m)	SECTOR	SHARE PRICES 5 YEARS AGO	1 YEAR AGO	LAST MONTH	THIS MONTH	% CHANGE
BEEKS FINANCIAL CLOUD GROUP PLC	27/11/2017	44.16	COMPUTER SERVICES	N/A	67.50	77.50	87.00	12.26
BOWLEVEN PLC	7/12/2004	40.20	EXPLORATION AND PRODUCTION	36.00	39.50	12.00	12.50	4.17
BRAVEHEART INVESTMENT GROUP PLC	30/3/2007	2.91	EQUITY INVESTMENT INSTRUMENTS	12.50	15.50	10.00	11.00	10.00
CALEDONIAN TRUST PLC	29/9/1995	26.51	REAL ESTATE HOLD, DEV	112.50	268.00	220.00	225.00	2.27
CELTIC PLC	22/12/2005	217.66	RECREATIONAL SERVICES	74.50	130.00	162.50	163.50	0.62
CRANEWARE PLC	13/9/2007	509.28	SOFTWARE	527.50	2010.00	1945.00	1907.50	-1.93
ELAND OIL & GAS	3/9/2012	267.58	OIL AND GAS PRODUCERS	89.50	133.00	120.00	123.50	2.92
FRONTIER IP GROUP PLC	31/1/2011	28.85	SUPPORT SERVICES	37.50	71.00	71.00	68.00	-4.23
IDE GROUP HOLDINGS PLC	21/1/2016	10.22	IT MANAGED SERVICES	N/A	5.00	0.77	2.50	224.68
INDIGOVISION GROUP PLC	2/8/2000	13.67	COMPUTER SERVICES	490.00	96.00	173.50	182.00	4.90
IOMART GROUP PLC	19/4/2000	361.03	INTERNET	269.00	391.50	345.00	332.00	-3.77
LANSDOWNE OIL & GAS PLC	21/4/2006	13.81	EXPLORATION AND PRODUCTION	10.62	1.45	1.30	2.07	59.23
MINOAN GROUP PLC	18/10/2011	8.39	TRAVEL AND LEISURE	11.50	4.70	1.95	2.00	2.56
MURGITROYD GROUP PLC	30/11/2001	54.73	BUSINESS SUPPORT SERVICES	547.50	597.50	610.00	607.50	-0.41
NUCLEUS FINANCIAL	26/7/2018	132.68	SPECIALITY FINANCE	N/A	224	186.50	173.50	-6.97
OMEGA DIAGNOSTICS GROUP PLC	18/3/2004	12.66	MEDICAL SUPPLIES	17.00	15.00	10.00	9.50	-5.00
PARKMEAD GROUP PLC (THE)	13/3/2000	54.51	EXPLORATION AND PRODUCTION	215.00	59.50	52.00	55.00	5.77
PLEXUS HOLDINGS PLC	9/12/2005	35.15	OIL EQUIPMENT AND SERVICES	236.50	42.00	39.50	35.00	-11.39
QUIZ PLC	28/7/2017	18.82	FAST FASHION BRAND	N/A	179.00	18.00	15.00	-16.67
SCOTGOLD RESOURCES LIMITED	15/1/2008	16.20	PRECIOUS METALS AND MINERALS	52.50	25.00	37.50	35.50	-5.33
SIGMA CAPITAL GROUP PLC	27/4/2000	98.33	ASSET MANAGERS	65.50	140.00	110.50	110.00	-0.45
SMART METERING SYSTEMS PLC	8/7/2011	538.86	BUSINESS SUPPORT SERVICES	410.00	637.00	531.00	478.00	-9.98
SPACEANDPEOPLE PLC	31/12/2004	2.73	MEDIA AGENCIES	61.00	30.50	12.00	14.00	16.67
SPRINGFIELD PROPERTIES	16/10/2017	107.91	HOME CONSTRUCTION	N/A	119.50	114.00	112.00	-1.75

Figures to close of market Thursday, June 1st, 2019



STRIVING TO OVERCOME A UNIQUE SET OF BUSINESS CHALLENGES

By KEN SYMON

THE MASSIVE Beatrice Offshore Windfarm in the Moray Firth which was unveiled at the end of July stands as a powerful symbol of investment in the Highlands and islands. The mammoth 84-turbine site, which is the largest in Scotland and is the fourth largest windfarm in the world, has contributed £460m to the Scottish economy and created more than 7,000 jobs during the three years of development and construction of the project.

Beatrice is a joint venture between SSE, which has 40 per cent, Copenhagen Infrastructure Partners which has 35 per cent and Red Rock Power International which has the remaining 25 per cent. Research by SSE Renewables suggests that the project will generate £2.4bn to the UK economy over its lifetime with £1bn or £34m a year expected to come to Scotland.

But Beatrice, which can supply the equivalent of 450,000 homes, will not hold its crown as the largest off Scotland for long with construction having already begun on the 100-turbine Moray East offshore windfarm in the Outer Moray Firth, which will be able to supply the equivalent of more than 950,000 homes with low-cost, low-carbon electricity.

> **We set up a permanent presence in Inverness 15 years ago with just a handful of people, and now have the largest legal team in the Highlands**
>
> Lorne Crerar, Harper Macleod (below)

It is some significant and high profile investments that have lifted the performance and prospects of an area which has a particular make-up and set of challenges. Carroll Buxton, acting chief executive of **Highlands and Islands Enterprise**, the economic development body says of Beatrice: "That's a very significant investment. There are great opportunities for the supply chain. It has offered a number of opportunities for job creation in the Wick area and Caithness and marine renewables are offering opportunities as well and there's a really good cluster of marine renewable-related activity up in Orkney which continues to flourish.

"Like other economies we are facing challenges and uncertainties in the Highlands and Islands region but our economy has continued to perform pretty well and, in addition to the challenges, we are seeing a lot of significant opportunities.

"Our business base continues to be pretty positive and optimistic about their own prospects, even though they may be losing confidence in Scotland's economy as a whole, in terms of their own prospects they still are reasonably optimistic, although that optimism has declined a little over the year, they are still

Above: The harbour at Colonsay, one of the islands which has had its air link saved

saying they're positive about growth in their own business in the future."

One professional services business that has invested in the area is Glasgow-headquartered **Harper Macleod** which has recently added to its offices in Inverness Lerwick and Thurso by expanding into Moray with the acquisition of one of the area's oldest legal practices, Wink & Mackenzie.

Lorne Crerar, chairman of Harper Macleod says: "As a firm we have been extolling the virtues of the Highlands and Islands and Moray for many years, but as always actions speak louder than words. I believe the fact that a professional services business such as ours is making such a significant investment in Elgin, by taking over the firm of Wink & Mackenzie, tells you everything you need to know about our confidence in the local economy, and the opportunities that exist in Moray and elsewhere in the wider Highlands and Islands.

"We set up a permanent presence in Inverness 15 years ago with just a handful of people, and now have the largest legal team in the Highlands and Islands, with more than 20 lawyers in the city as well as a large team in Shetland, our imminent Elgin presence, an office in Thurso and people travelling all over the region.

"Our expansion could perhaps be seen as going in tandem with the growing recognition given to the importance of Scotland's modern rural economy – which is equivalent to that of Glasgow and Edinburgh combined. Traditional rural activity such as agriculture and forestry is still hugely important but in fact makes up only a comparatively small part of the economic activity going on in rural areas, and of course much of the Highlands and Islands are rural by nature.

"Taking Moray as an example, it's home to some of the country's leading businesses and has a real presence in many key sectors – manufacturing, energy, tourism, food & drink among them. These are businesses, enterprises and communities that require specialist legal advice. We've recognised the modern rural economy as something that deserves specialist attention and that's why we continue to grow

Artist's impression of the Caol Ila Distillery visitor centre

A shortage of timber and attractive tax treatments are fuelling deal activity in the commercial forestry sector, which is seeing high levels of investment

Martin Mackay, Brodies (below)

our teams across the Highlands and Islands – there are great opportunities and great businesses making the most of them and we want to be on hand to play our part in their success."

Another law firm that has stepped up its presence in the area is **Wright, Johnston & Mackenzie** (WJM)


Inverness

whose Inverness branch has acquired the practice of Calum I Duncan Corporate Lawyers in the city.

The acquisition which came on the eponymous Calum Duncan's retiral in June followed an expansion in the firm's Inverness office which saw its staff numbers rise from 18 to 25. WJM says it sees opportunities in corporate and commercial work as well as areas such as inheritance tax planning, family business succession, trusts, asset protection, care fees, powers of attorney and adults with incapacity, wills, and executory administration.

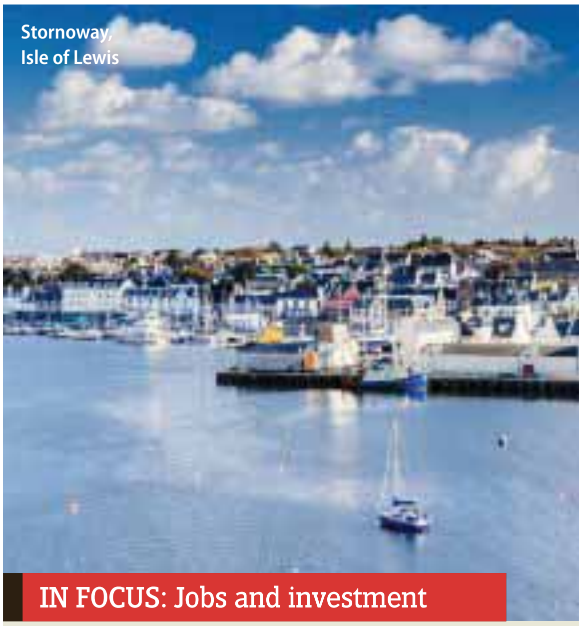
Martin Mackay, a consultant who works with law firm **Brodies** and has more than 20 years of servicing clients in the Highlands says there is significant commercial activity in a range of sectors in the region. He says: "A shortage of timber and attractive tax treatments are fuelling deal activity in the commercial forestry sector, which is seeing high levels of investment and the creation, as well as the preservation, of jobs throughout the Highlands.

"The cruise industry is another area of burgeoning opportunity for the region, as well as Scotland as a whole, with passengers figures expected to rise by 12-16 per cent year on year. Among those investing heavily in the expansion of their facilities are Lerwick Harbour Authority, Stornoway Port Authority and Invergordon's Port of Cromarty Firth; these projects are expected to enhance the offerings from these ports and drive a high visitor footfall, and encourage economic growth for the outlying areas of the Highlands and Islands.

"Tourism also continues to thrive throughout the region, and this is reflected in the level of investment in hotels over the past 12 months, including the sale of Three Chimneys in Skye, and planned developments at the site of Rose Street car park in Inverness, which we recently advised on. With the recent completion of Loch Ness by Jacobite's visitor centre at Dochgarroch, not to mention the growing popularity of the NC500, overseas visitor numbers are expected to rise further incentivised by a falling pound."

A significant area of investment in tourist facilities in the area has been in distillery visitor centres with work having begun on construction of visitor centre at the Caol Ila Distillery on Islay following Argyll and Bute Council granting planning permission in April. The creation of a visitor experience there is part of Diageo's £150m investment in whisky tourism focused on Johnnie Walker, the world's best selling whisky brand. Under the plans, Caol Ila will be the Islay home of Johnnie Walker and will be thematically linked to a planned new Johnnie Walker visitor attraction in the heart of Edinburgh. Caol Ila has made single malt Scotch whisky for Johnnie Walker for more than a century and today it continues to provide the key smoky, peaty flavour that is a signature characteristic of Johnnie Walker.

The plans for the Islay visitor centre created inside the beautiful shore-side Caol Ila warehouse, include a bar that aims to take full advantage of the stunning views across the Sound of Islay. A new footbridge will allow guests to enter the roof of the distillery warehouse, linking to new parking facilities on the hill above the distillery discreetly located and carefully landscaped to manage visual impact and traffic movement.


Stornoway, Isle of Lewis

IN FOCUS: Jobs and investment

In 2018-19, Highlands and Islands Enterprise (HIE), the development agency approved £54.6m investment in 564 new projects with a total value of £185m. It said this will support more than 1,000 rural jobs and increase turnover among supported enterprises by nearly £118m, and international trade by £46m.

Announcements included confirmation of the UK Space Agency supporting the HIE-led development of Space Hub Sutherland, a vertical launch facility for small satellites. This offers significant opportunities to attract inward investment, create around 400 jobs and deliver Scottish supply chain opportunities.

The joint efforts of HIE and Scottish Development International (SDI) secured seven new projects, bringing more than 260 highly skilled jobs in sectors as diverse as technology, manufacturing and business services. Typically, most inward investment projects come from companies already active in the region, but last year six of the seven projects were from new investors. Among them is spaceflight company, Orbex, which has established a base in Moray and recruited 12 full time posts, mostly high value. The company's workforce is expected to reach 130.

American-owned global outsourcing company, Sykes, meanwhile is creating up to 100 posts across Caithness and Sutherland, the Outer Hebrides, Argyll and the Islands and Moray for an innovative homeworking pilot project.

And Lewis-based Hebridean Seaweed, the UK's largest industrial seaweed processor, has embarked on a £7m expansion that is expected to double its workforce to 26.

Carroll Buxton, Highlands and Islands Enterprise


Key to bringing visitors to the area are transport links and it has been a bit of a rollercoaster summer for air services with strikes action hitting Highlands and Islands Airports Ltd (HIAL) and a question mark over the future of flights to three remote islands. However there was better news on the latter score when it was announced at the end of July that Argyll and Bute Council had agreed a deal for a subsidised service from Oban to Coll, Colonsay and Tiree with Hebridean Air Services, the charter company. The company had been operating flights on an interim basis in the absence of bids that fell within the cost limit under the Public Service Cost rules.

Carroll Buxton at HIE says: "Transport connectivity is really important, good connectivity and good links, for example air links not only from Inverness but from our islands and our more peripheral mainland is equally important. We've done quite a bit of work with HIAL on that. Obviously the recent strikes have had an impact, it's impossible to quantify at this point what that impact has been but it will have affected businesses, holidaymakers and local people to varying degrees.

"HIAL is a really important employer in our area, they employ about 200 people, the airports are key drivers of economic growth, they help firms to grow, they help attract inward investment and they obviously contribute to tourism and provide real connectivity for rural communities."

Another key connectivity challenge for the region as with other remoter parts of Scotland is the provision of good broadband. Buxton says: "HIE have been involved for a number of years now in the roll out of fibre broadband across the region. Currently more than 85 per cent of premises across the whole region have access to fibre-based broadband. That said obviously there are still areas where either speeds are low or fibre isn't available. So continuing with delivering good quality broadband across the region continues to be a priority for HIE."

The Scottish government has set out a programme to deliver 100 per cent broadband coverage across Scotland. Buxton adds: "Improved digital connectivity is something that we want to continue to focus on although the situation has improved dramatically over the last few years."

Another specific challenge for the Highlands and Islands has been the issue of population, attracting and retaining people to live and work in the area particularly at a time of demographic change. Parts of the area including notable Argyll and the Islands are seeing a declining population.

Carroll Buxton at HIE says: "Attracting and retaining young people across our region is a key focus for HIE; retention particularly among that younger age group. There though we have been encouraged by the research we undertake on a regular basis where we have a fairly significant survey of young people. Over the course of the last few years their attitude towards the region and their aspiration has become more positive. More young people wanting to either stay or return here after they've maybe been away working elsewhere or completing their education."

Buxton says that young people are seeing more opportunities, they are positive to the communities they live in and towards the region generally. The research shows that key factors in attracting and retaining young people are access to good quality housing and affordable housing and both physical and digital connectivity. This ties in with generally seeing trends that the so-called millennials have quite a different view of work-life balance than some previous generations.

"The whole quality of life aspect and access to doing other things that they want to do is becoming increasingly important to young people, in addition to earnings. That said the opportunity to get good quality jobs is important and also the opportunity to progress; so joining a business and seeing a progression ladder through that business is important.

"HIE works with businesses throughout the region, we run graduate recruitment programmes supporting businesses to employ a graduate for a period and we found it a very positive trend in how these graduates are retained within business and taken into a permanent employment and progressing from there. There is certainly a positive attitude from businesses within the region as well to look at employing young people."

Another area of challenge which has particular effects in the region is Brexit with it presenting specific difficulties to the food and drink sector and tourism where non-UK EU nationals have been a significant source of labour and skills. They have strong concerns as have those businesses that export.

Buxton says: "There are some sectors that are more concerned than others: food and drink sector, tourism can see challenges – access to labour and skills is a challenge and obviously those that export have concerns. A number of businesses across the region have taken steps to prepare for Brexit, planning for alternative export markers, for example or alternative supply chains but the labour market and access to non-UK EU nationals which have proved to be a significant labour market for businesses in the Highlands and Islands is an issue."

Lorne Crerar, who in addition to chairing law firm Harper Macleod is chairman of Highlands and Islands Enterprise says: "Leaving the EU raises many issues, and businesses consistently express concern about what it might mean for them, with some delaying their investment plans. It's vital that companies plan for Brexit, and more firms are doing so, and that we continue to support them in collaboration with the Scottish Government and partner agencies." ■

The Port of Cromarty Firth's new pilot boat has undergone for sea trials

IN FOCUS: Port of Cromarty Firth

One significant area of expansion and new investment in the Highlands is in its ports. Port of Cromarty Firth is a rapidly growing hub of economic activity which currently generates around £275m a year and supports one in six jobs in the Invergordon area.

Its development and expansion plans is seeing work on the Port's £31m quayside expansion – comprising a new 218-metre quayside and 11 acres of laydown area which is on track to be completed by 2020.

This expanded hub will not only accommodate large scale renewable, decommissioning and oil and gas projects, but will also be able to berth the largest cruise ships currently being designed and built. The quayside expansion programme, which is being delivered by leading civil engineering and construction contractor Roadbridge, is already well advanced and has entered its fourth phase. The port said it represents a significant statement of intent as it is the second quayside and laydown area build in three years – in 2015/16 it invested £25m in a 150-metre quayside and nine-acre laydown area which contributed to its most successful year in 2017.

Port management hope the expansion will see it continue to attract major energy projects. Shortly after the berth is complete, it will form part of the marshalling area for the turbines, towers and nacelles of the £2.6bn Moray East Offshore Windfarm, as part of a deal worth more than £10m to the Port, including shipping revenues.

It will also be able to accommodate the world's biggest cruise ships – in August this year the port is expecting to welcome around 49,000 passengers, more than 50 per cent of the figure achieved for the entire 12 months of 2016 when 97,992 passengers visited the area.

Meanwhile, the port has also invested in a new pilot boat which hit the water recently for sea trials. Bob Buskie, the port chief executive believes this current expansion will see a further increase in business – providing a significant boost to the Trust Port's stakeholders and a ripple effect to the Highland economy.

He says: "As a Trust Port, all of our profits are reinvested in the Port's future development. We believe this investment in new facilities will help bring new jobs and business opportunities to the area for decades to come.

"There is a substantial demand for the services in the port and, even with the large new quayside and laydown area finished in 2016, we still experience capacity issues. This new Energy and Cruise Hub will help us resolve some of these problems and open up the port to being able to accommodate larger scale projects from across our key market sectors." ■

LET US HELP YOU CLEAR THE HURDLES OF ENVIRONMENTAL LEGISLATION

Climate change, and its effect on our planet, has given Brexit a run for its money in the national and international press this past year. While acknowledgement of the long-term effects of climate change is far from universal, there is now at least a broader understanding of the dangers posed by the emission of greenhouse gases that trap heat in the atmosphere – CO_2, methane, nitrous oxide and fluorinated gases – and how we might mitigate those dangers.

The growing body of evidence in support of decarbonisation has seen a step change in the public's attitude towards the renewable energy sector, and that of investors looking to capitalise on the fast-evolving economic opportunities that are being created.

It is satisfying to see in recent years the extent to which the UK has contributed to the technological development and deployment of onshore and offshore renewable power generation, from concept to mass commercialisation.

Shepherd and Wedderburn has been at the forefront of what is now known colloquially as the renewable energy sector, including a role in the development of the UK's largest onshore and offshore windfarms.

This has included advising on the UK's largest onshore wind farm, the 539MW Whitelee Wind Farm on the outskirts of Eaglesham near Glasgow, which this year celebrated its 10th anniversary and was recently granted permission to add a state-of-the-art battery storage facility on-site. In offshore, we are advising on the 1.2GW Hornsea One off the Yorkshire coast, which when complete will be the world's largest; and on the 950MW Moray East, which will be Scotland's largest offshore wind farm.

Development of these and earlier pathfinder projects, coupled with rapid technological advancement focused on reducing overall development costs, has brought us to the point where, by next year, offshore wind projects are projected to be cheaper to build than fossil fuel-fired power plants.

The UK Government has also recognised offshore wind as being a viable and vital part of the overall power generation mix, announcing in March a sector deal that recognises offshore wind as a prominent component of the UK's industrial strategy.

Globally, there is a growing consumer and political will to decarbonise. Scotland and the UK has a 20-year start in leading on such developments and growing out a viable supply chain, meaning the true potential for major development is still to come, both here and internationally.

The UK offshore wind sector in particular is gearing up for another major development phase in the shape of Scotwind (Crown Estate Scotland's new seabed licensing round); and Round 4 (The Crown Estate's new seabed licensing round). The starting gun on these rounds is likely to be fired this autumn, and the probable shape of each process is now beginning to emerge.

The start of the Scotwind round awaits Marine Scotland's draft sector plan (which will identify the offshore areas for which developers can bid). Crown Estate Scotland published various materials as part of a 'pre-launch' on 31 July, which re-affirmed a likely formal launch in October. It confirmed that 'Applicant Valuations' during the bid stage (based on a predefined list of possible values rather than being open-ended) will be used to set option fees for particular projects. These option fees are the amount of money a developer pays to secure an option for a seabed licence – with the licence then being granted only if the developer secures all of the necessary development consents for their project. The rough estimate for a commercial-scale project is £5 million.

Scott McCallum

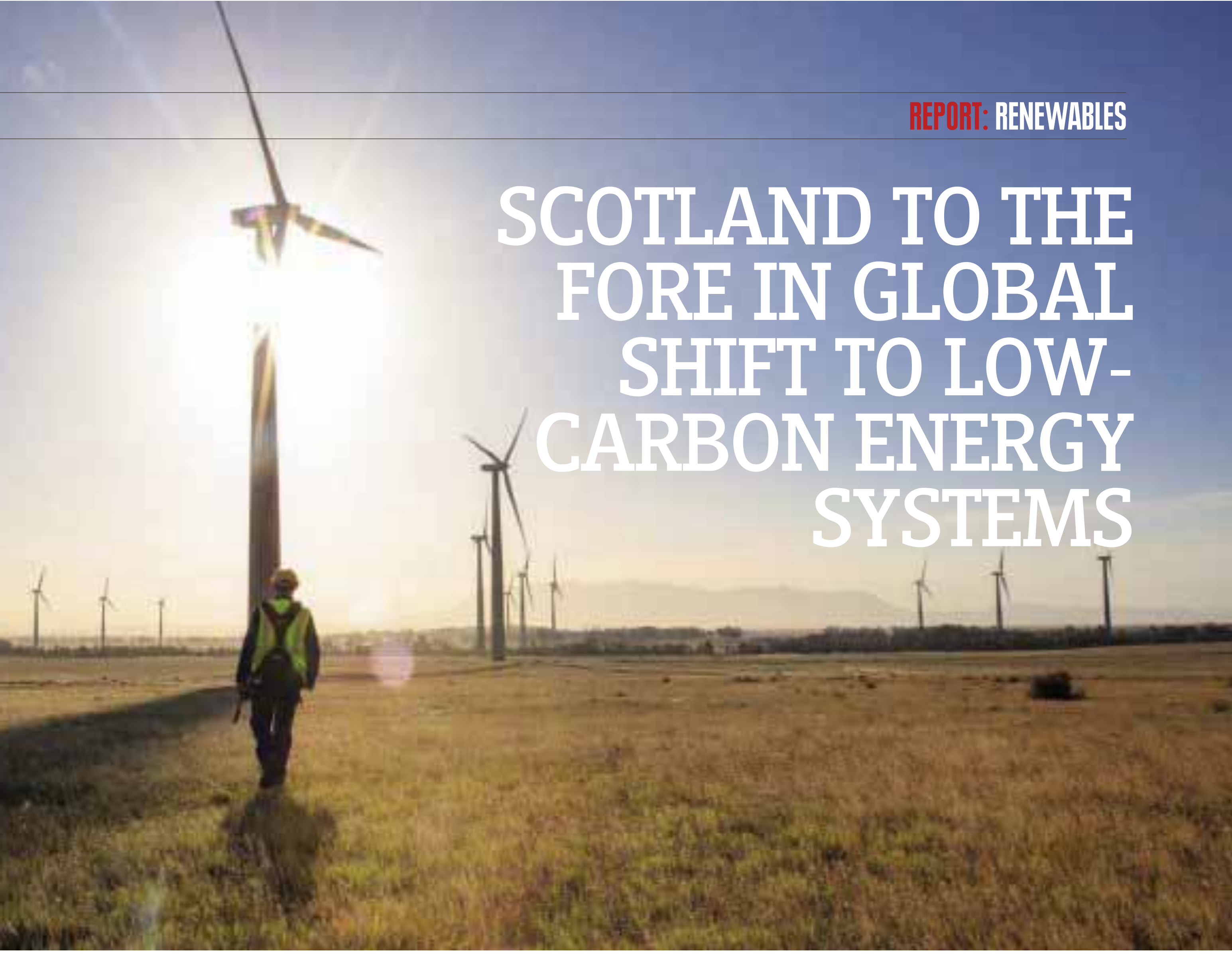
The big revelation for Round 4 (announced at a Crown Estate market information event on 18 July) is that bids are to pre-qualify and thereafter will be awarded rights via daily auctions based on the level of option fee bid in. The level of option fee a developer is willing to offer will play a much more determinative role in the Round 4 process as compared to Scotwind and is likely to be more open-ended. However, the transparency offered by an extended auction process (with feedback on the level of winning bid at the end of each day) is likely to offer developers more comfort than a single blind bid approach.

Developer interest in the new rounds will no doubt be high, driven in part by past successes in the UK (a mature and relatively stable market); by the identification of seabed which can be developed economically; and by two well pitched and well timed tender processes.

Of course, there remain risks – not least the need to clear the hurdles of environmental and consenting legislation. However, if those risks are accepted and appropriately managed, there is an opportunity to create a development pipeline that will capture the economic potential over the course of a substantial development pipeline – and help de-carbonise the UK in the process.

Scott McCallum is a partner at Shepherd and Wedderburn and a member of the firm's Clean Energy Group. For more information, contact Scott on 0141-566 7255 or at scott.mccallum@shepwedd.com.

SHEPHERD+ WEDDERBURN



SCOTLAND TO THE FORE IN GLOBAL SHIFT TO LOW-CARBON ENERGY SYSTEMS

By VICTORIA MASTERSON

SCOTLAND'S response to the global climate emergency and direct action by campaign group Extinction Rebellion has heightened the urgency for sustainable renewable energy solutions.

Since the Scottish Government earlier this year set its 2045 target for net zero emissions – five years' ahead of the UK's 2050 target – the industry has delivered a raft of milestone announcements.

Wind power output in Scotland hit a record high during the first six months of 2019, according to analysis by WWF Scotland and data specialist WeatherEnergy.

UK-wide, National Grid announced that Britain is obtaining more power from zero-carbon sources than fossil fuels for the first time since the Industrial Revolution.

Whitelee Windfarm on the outskirts of Glasgow – the UK's largest onshore windfarm – celebrated its tenth anniversary, while Scotland's largest offshore wind farm, the £2.6bn Beatrice Offshore Windfarm off the east Caithness coast in the Moray Firth, became fully operational after the last of 84 turbines was installed.

After nine years of planning and development, construction also started on the 100-turbine Moray East offshore windfarm in the Outer Moray Firth, which will supply the equivalent of more than 950,000 homes with low-cost, low-carbon electricity.

Almost three-quarters of the electricity consumed in Scotland now comes from renewable sources like wind, hydro, tidal and solar

Claire Mack, Scottish Renewables (below)

"Scotland is in many ways at the forefront of the global shift to a low-carbon energy system," says Claire Mack, chief executive of **Scottish Renewables**, the industry member organisation.

"Almost three-quarters (74 per cent) of the electricity consumed in Scotland now comes from renewable sources like wind, hydro, tidal and solar. The first quarter of 2019 saw generation reach record levels, with 8,877GWh produced – enough to power around 88 per cent of Scottish households for a year."

The Scottish Government's strong support for measures to tackle climate change – of which renewable energy is a crucial part – brings renewed confirmation that the industry is necessary, Mack adds, and provides confidence for businesses globally to continue investing in renewable energy technologies.

As the windiest country in Europe, Scotland has two thirds of the UK's onshore wind capacity, delivering £2.8bn of revenue in Scotland every year and supporting more than 5,000 jobs.

To allow the industry to continue developing, Scottish Renewables says the UK government needs to lift its block on onshore wind competing for subsidies under the Contracts for Difference scheme, the government's main mechanism for supporting the deployment of new low carbon electricity generation.

Since it was opened ten years ago, Whitelee Windfarm has generated enough green energy to provide almost 90 per cent of total annual household electricity consumed by Scottish households and businesses.

ScottishPower Renewables, which owns and operates the windfarm along with almost 40 others around the UK, said legislation would be needed to deliver the UK's 2050 net zero emissions target, which was recommended by the Committee on Climate Change, the UK's independent climate advisory body.

"We know that renewable energy generation needs to quadruple if we are to deliver on net zero," says ScottishPower Renewables chief executive Lindsay McQuade. "We also know that onshore wind is the cheapest form of green energy and therefore should be part of Scotland, and the UK's, low carbon, cost effective electricity system.

"If we are to meet the target of net zero by 2050, our ambition has to be backed by political will and underpinned by legislation. Since the passing of the Climate Change Act in 2008, a number of progressive policy measures have been put in place that has enabled Scotland to become coal-free.

"Working with industry and government, the same approach is now needed to ensure we can continue to invest in much-needed renewable generation and thereby achieve this objective, and support action to tackle the climate emergency facing us."

Beatrice Offshore Windfarm is the fourth-largest offshore wind farm in the world and will generate enough power for more than 450,000 properties.

Edinburgh-based **Red Rock Power**, a European subsidy of China's state-owned power generation company, SDIC Power, owns a 25 per cent stake in Beatrice, alongside two other offshore wind projects. It owns 100 per cent of the 50MW operational onshore Afton Wind Farm in East Ayrshire and is the developer behind the proposed Inch Cape Offshore Wind Farm 15 km off the Angus coastline, which is expected to power more than 500,000 homes.

"The Scottish Government has set the country and industry an ambitious target to achieve 50 per cent of our energy consumption from renewables by 2030," says chief executive Guy Madgwick. "Decarbonising our economy and minimising our reliance on oil and gas, and the continuing decommissioning of nuclear plants, will help to attract investors and bring significant opportunities for the Scottish supply chain. This will, however, also place additional pressure on the industry to meet rising expectations."

Greater collaboration between industry, the government and the supply chain to identify where investment is needed is vital, Madgwick says. "The absence of a thriving, sustainable supply chain in Scotland reduces the prospect and opportunity for both developers and major contractors to establish themselves here," he adds. "European cities and ports, who may well benefit from state aid, are much more competitive for this reason. The Scottish supply chain must keep up with the quickening pace as the industry continues to grow."

With Scotland's offshore wind industry on the cusp of maturity, Madgwick expects greater focus ahead on floating wind projects, as limited availability of near-shore sites means deeper water projects have to be considered. In onshore wind, there are opportunities for extension and repowering projects as windfarms reach their end of their life.

If tackling climate change is an emergency, the Scottish Government needs to take steps to achieve this, says renewables lawyer David Bone, senior partner and head of energy & natural resources at law firm **Harper Macleod**.


The Steven's Croft biomass plant in Lockerbie

If we are to meet the target of net zero by 2050, our ambition has to be backed by political will and underpinned by legislation

Lindsay McQuade, ScottishPower Renewables (below)

IN FOCUS: E.ON

E.ON is one of the UK's largest renewable energy generators and owns more than 20 onshore and offshore wind farms in the UK, as well as biomass plants in Scotland and South Yorkshire.

Its Scottish assets include the Robin Rigg East and West offshore windfarms in the Solway Firth and onshore windfarms in Sutherland, Wick, the Scottish Borders and Kintyre.

Its biomass plants include Steven's Croft in Lockerbie, Dumfries and Galloway, a biomass fuelled power station that uses locally sourced soft wood from the South West Scotland area.

In response to mounting concern about the climate crisis, E.ON announced in July that it would be supplying its 3.3 million customers with 100 per cent renewable electricity as standard, at no extra cost. The company plans to draw from its own windfarms, biomass plants and solar projects to power the switch.

"Roseanna Cunningham, the Cabinet Secretary for Environment, Climate Change and Land Reform, said in Holyrood in May that the next National Planning Framework and a review of Scottish planning policy will include considerable focus on how the planning system can support Scotland's climate change goals," Bone explains.

"Holyrood controls planning policy and if it is serious about tackling climate change and meeting the 2045 net-zero emissions target, then it needs to start acting now."

Hydro power – using turbines to generate electricity from running water – has been around since the 1800s and produces around 20 per cent of Scotland's electricity. But investment in the industry has been hit by the closure this March of the UK government's Feed-in Tariff, which supported small-scale renewable energy schemes.

According to Scottish Renewables, communities across Scotland installed 16 hydropower, 70 wind and 118 solar power systems across Scotland, with funding support from the Feed-in Tariff. Had it continued, the equivalent of 730 community hydropower schemes a year could have been supported in Scotland.

Innogy Renewables UK, a subsidiary of Essen-based RWE, the biggest electricity provider in Germany, generates over 81MW from 23 small scale hydro schemes in the UK, 15 of which are in schemes are in Scotland generating around 31MW.

In May 2019, the company started construction on Glen Noe Hydro Scheme near Loch Etive in the west of Scotland. Once complete, it will provide renewable electricity to power more than 1,400 average homes a year.

Edinburgh-based **Logan Energy** designs and installs hydrogen energy projects, including energy-efficient fuel cells that combine hydrogen and oxygen to produce electricity, heat, and water. These can be used to power, heat or cool a range of sites. Logan's customers include Quadrant 3, a flagship retail, restaurant and office development at the foot of London's Regent Street, where the fuel cell forms part of an integrated tri-generation system providing electrical energy, heat and cooling.

"We have seen a lot of interest in how hydrogen can help decarbonise our energy systems," says Nick Stapley, business development manager at Logan Energy. "Costs are coming down and green hydrogen can be made at scale at a price equivalent to road diesel. Importantly, interest and knowledge of hydrogen solutions continues to increase. Improving public acceptance and social license through education and example is crucial to drive buy-in and overcome the outdated and incorrect perception that hydrogen-based energy is a dangerous option."

Connecting renewable electricity generation to key energy sectors, such as heat and transport, through the production of green hydrogen is vital to help decarbonise, Stapley adds.

Smarter Grid Solutions develops software that connects renewable resources, such as solar panels and wind turbines, to the grid, and has expanded from its Glasgow base to open offices in California and New York City. Its projects include CHARGE: Refuelling Tomorrow's Electrified Transport, an initiative by SP Energy Networks, ScottishPower's transmission and distribution business, to map the need for electric vehicle charging points across the UK.

Holyrood controls planning policy and if it is serious about tackling climate change and meeting the 2045 net-zero emissions target, then it needs to start acting now

David Bone, Harper Macleod (above)

Plant supplying heat to Glenrothes

IN FOCUS: WSP

Engineering consultancy WSP this year led the design of Scotland's first 100 per cent renewable biomass heat and power district network. The new low carbon heating system in Glenrothes is expected to save residents and businesses more than £200,000 in heating bills over the next ten years.

More than 400 households and 30 local businesses are expected to benefit as the network is rolled out.

In future and if supported by additional infrastructure, the 50 megawatt electrical biomass power station would have the capacity to provide up to 52,000MWh/year of renewable heat, enough to heat 3,500 homes. This would make it one of the largest renewable district heating schemes in Scotland.

Graham Ault, executive director at **SGS**, believes greater urgency on climate change will lead to tangible action to deliver the Scottish Government's Scottish Energy Strategy and its vision for electricity and gas network infrastructure to 2030. These call for lower carbon, whole system integration and smarter, localised energy models.

"Implementing those strategies to achieve climate goals should provide many opportunities for companies like Smarter Grid Solutions and other Scottish based clean energy system supply companies," Ault says.

As well as deploying commercially proven low carbon approaches such as offshore wind and solar, he expects growing interest in newer technologies like energy storage, public electric vehicle charge infrastructure, renewable fuels, hydrogen and low carbon heating solutions.

The Scottish Government's ambitious policies and targets show that the political will is there, says Clare Foster, head of clean energy at law firm **Shepherd and Wedderburn**. But where Scotland goes from here is the key question.

"How could and should these policies and targets evolve and translate into a development pipeline?" Foster asks. "And, beyond our own shores, what more should we be doing to export and develop our hard-won expertise to overseas markets?"

Scotland has the talent and the resources, but now needs to address two key challenges.

"We need to make Scotland as attractive a destination as possible for clean energy inward investment," Foster says. "We also need to cement Scotland's position as a global leader in clean energy by getting better at exporting our technology, our expertise and our ability to develop projects from concept to commercialisation, and creating viable, vibrant markets centred around these technologies." ■

RESPONSIVE AND RELIABLE PROVIDER IN AN EVER-CHANGING BUSINESS WORLD

Multi-award-winning Dacoll celebrates 50 prospersous years of trading

In an economic climate when many small businesses have Brexit jitters and other are finding it hard to compete against the big corporates, one small Scottish company is bucking the trend and looking forward to celebrating 50 prosperous years of trading.

Dacoll Limited is a multi-award-winning company that operates globally from an unassuming head office in Bathgate. It's a three-storey office that was renovated and decorated by Chairman Brian Colling and his original team of staff in 1972, working weekends and nights with toolboxes and paintbrushes to get the premises ship-shape for trading.

The company's big break had come in 1969, when Colling spotted an opportunity to provide mainframe computer support to Glasgow University when bigger players in the field had passed it up. This was followed by other landmark contracts that assured the company's foothold in the market-place. In the present day, Dacoll's clients now include high-profile customers across Public, Commercial and Retail market places.

Yet, Dacoll remains an unashamedly family business. Three generations of the Chairman's family currently work in Dacoll's offices today, and it's not unusual amongst staff to see parents and offspring pass each other in the corridor. Many people have worked there for twenty years and some, for thirty years and more. Among their number are senior personnel who are experts in their fields, from manufacturing, to software development and service provision.

It's this formula that Managing Director Allan Everington believes has distinguished Dacoll from its potential rivals. "There is a recognisable ethos that permeates our people in the company that's very different from our contemporaries. At its core there is entrepreneurship, following a good idea through and an overall commitment to positive values. Those values have come right from Dacoll's leadership, and its foundations as family business. "Our customers recognise this too, and this results in successful long-term business relationships – often spanning decades."

Dacoll was a finalist in the Family Business of the Year Awards in 2017, was named Business of the Year in 2016 and has since won several awards that recognise its growth and the effort it puts into staff training, development, and career progression. There's a distinct emphasis on enabling staff, and getting them to the role that fits best. To make this happen, and to sustain their current growth in new markets, the Company has prioritised training and development to help staff to take on new roles and identify emergent skills. It's an environment that has attracted a skilled senior team, who in turn have helped Dacoll identify opportunities in fresh markets across the IT Managed Service sector

Strong customer focus, expertise, sound values, and investment in its people has taken the Company far in their first half century. Dacoll are now a leading global marketer and manufacturer of

Information Technology Managed Services, Software Applications, Network Infrastructure installation, Cabling and Electrical contracting and are the largest independent provider of IT Services in Scotland today. From their West Lothian base, Dacoll now have a global reach, with customers from Ireland through to Portugal, Scandinavia, Australia, America, Singapore, Tunisia, Afghanistan, and more.

It's a far cry from their beginnings in 'break-fix' IT maintenance and manufacture, the core activities of the business until recent years. Since 2015, Dacoll's strategic move out of IT maintenance and into profitable, long-term managed services provision is paying dividends, attracting high profile customers who often choose the SME over the larger corporates. Such clients, like anybody, are looking for cost-effective and high-quality services, but – crucially – seek the added agility that SMEs provide to get things done quickly and effectively.

There is a recognisable ethos that permeates the company and is very different from our contemporaries. At its core there is entrepreneurship, and a commitment to positive values

But what makes Dacoll particularly agile when pitted against its competitors? Simply put, Dacoll has been able to wrap up its inherited expertise in manufacture and electricals with its cutting-edge skills in IT maintenance, to provide a seamless service that few can rival. Unlike competitors, Dacoll Group can offer an end-to-end solution for clients that's unique in the market place. Avoiding the expense and complexity of corporate systems integrators, Dacoll Group provides the hardware, the software, and the people to make it work as one package. It's an innovative delivery model that has given Dacoll a valuable edge in a fast-moving marketplace. What's more, with all manufacture taking place in its own premises, there's an added assurance for those clients who are nervous about Brexit unknowns.

However, it's perhaps Dacoll's IT Managed Services that is the brightest feather in the company's cap, offering other SMEs the ability to perform at peak without the expense of an in-house IT Service desk. Far from just 'keeping computers running' for its clients, Dacoll reviews and streamlines computer operations to improve efficiency and save their clients' money. What's more, they provide data security specialists, an increasingly valuable resource for businesses in the current digital landscape. In addition, Dacoll ensures that its clients have the IT resource they need, not just to manage and maintain their systems, but to undertake those strategic IT initiatives that will help those businesses continue to prosper in the future.

In keeping with their positive values, Dacoll's IT service desk is a busy place that's open 24/7, manned by real people with years of experience, who take time on their calls both to understand and to address their client's issue, right from the HQ. In addition, a fleet of engineers provides hands-on reach throughout the UK, arriving at their client's premises when a manual fix is the answer. It's a face to face, very human, tailored service delivery model that other IT services often lack, and it's entirely in keeping with the company ethos, and the legacy of Dacoll's own journey.

So, what's in store for Dacoll in the next 50 years? The company has never lost sight of the fact that business transformation and prosperity is delivered by its people first, so investment in training and development will be a cornerstone for future plans. And as for its clients, Dacoll will continue to be an innovative, approachable, responsive and reliable provider in an ever-changing business world. Doing the right thing. Every day.

For more information on how Dacoll can help your business, contact www.dacollgroup.co.uk or email sales@dacoll.co.uk

dacoll™ group

SCOTTISH HERITAGE MARKS CANADA OUT AS A TOP EXPORT TARGET

By PERRY GOURLEY

WITH AS many Canadians claiming some form of Scottish ancestry as the population of Scotland, the country was high on the list of target export markets for the team behind the launch of a new whisky-based drink.

Add in the fact that residents of Ontario alone consume almost half the quantity of cream liqueurs bought across the UK each year and **Hemisphere Brands** believed Canada was the ideal location to look to establish Magnum in.

The Edinburgh-based business acts as global brand agent for the drink, a combination of single malt scotch whisky and cream bottled by the BenRiach Distillery Company.

Within a year of launching in Ontario – the first province targeted by Hemisphere – Magnum is now on sale in more than 300 stores thanks to it securing a listing with the Liquor Control Board of Ontario which oversees the sale of alcohol throughout the province.

"Achieving that kind of reach would have been virtually impossible in the same timescale in the UK market," says Steve Horne, director at Hemisphere Brands.

Finding the right agent in the market has been a key factor.

"We didn't want to go with someone too big that the brand could be a bit lost in their portfolio," explains Horne, who found the firm's perfect match at a meet the supplier event staged by Scotland Food and Drink at Gleneagles.

"It has taken quite a bit of time and effort to get the listing with the board and we have also invested heavily in marketing including television advertising but we're very pleased with how sales there are going so far."

Magnum is one of the growing number of Scottish food and drink products which have successfully made it onto the shelves in Canada.

Of the £580m of exports from Scotland to Canada in the last 12 months, about £107m were food & drink – an increase of 14 per cent on the previous year.

Magnum is following in the well-trodden footsteps of the likes of Edinburgh-based brewing and bars firm Innis & Gunn which identified Canada as its first overseas target market shortly after the business launched. It has since become the number one imported craft beer in Canada and the company now employs a team of six focused on growing its sales there.

Earlier this year Innis & Gunn struck a partnership deal that will see several of its brands produced at Toronto's Brunswick Bierworks for the Ontario market to supply the local market with the freshest product possible.

> **The number of expats and the fact so many Canadians identify with Scottish heritage meant we had long seen it as a very attractive potential market for us**
>
> James Macsween, Macsween

Above: An Innis & Gunn beer launch marked Canada's 150th anniversary

Beers including The Original and its lager will be brewed at Brunswick with the same recipes, ingredients, and processes that are used in Scotland, and distributed in 30 litre kegs to bars and restaurants throughout the province. Bottled and canned products will continue to be imported from Scotland.

For James Macsween, managing director of **Macsween**, the only Scottish haggis firm exporting to Canada, the historic Scottish links with the country were also a key factor in his decision to look at establishing an export market there several years ago.

"The number of expats and the fact so many Canadians identify with Scottish heritage meant we had long

IN FOCUS: Canada links

CANADA is one of Scotland's biggest inward investors, with around 3,650 jobs provided by 45 Canadian companies in Scotland.

They include IT firm CGI which has 400 staff in Edinburgh, Glasgow and Aberdeen.

Canada is also Scotland's tenth largest international market in terms of visitor numbers with a rise of 27 per cent since 2012 to more than 115,000 annually.

The growing importance of the Canadian market saw the Scottish Government open a new office in Ottawa last year aimed at strengthening economic ties between the two countries.

seen it as a very attractive potential market for us," he explains.

But it was a relaxation by Canadian authorities of the regulations around red meat imports in 2015 that opened up an opportunity for the company to actively look exporting there.

However, the company had to alter its recipe to avoid using lung meat to comply with remaining import restrictions covering some types of offal. The company is now selling to a growing number of supermarket chains and delis in the country.

"We ship the product frozen and then it is up to retailer whether they defrost it for sale or keep it frozen. Given the geographic scale of the country, Canadians are much more used to buying their food frozen than in the UK which benefits us as it extends shelf life."

Macsween says he has found that Canadian retailers do expect more from suppliers in terms of promotional support for products than in the UK. "The supermarkets there have a lot more 'instore theatre' such as products tastings which you have to be prepared to invest in and support," he explains.

Although it is still a relatively small market for Macsween, the firm is confident that it will become an increasingly important one in the years ahead. "We see ourselves at the start of the journey in Canada but think it will be a big market, particularly as we look to increase the appeal of our products to consumers throughout the year rather than just during the traditional haggis season."

Other Scottish businesses which have been successful in breaking into Canada recently include **Global Surface Intelligence** (GSI). The Edinburgh-based geospatial analytics company secured a six-figure remote sensing agreement in Ontario earlier this year. GSI harnesses artificial intelligence to analyse satellite and radar data to provide information on forestry and agriculture assets. Under the contract GSI will analyse data on the 630,000 hectare Romeo-Malette forest for the Ontario Ministry of Natural Resources and Forestry and a timber firm. The company's chief executive Gavin Tweedie says the nature of the country makes it an ideal fit for application of the company's technology.

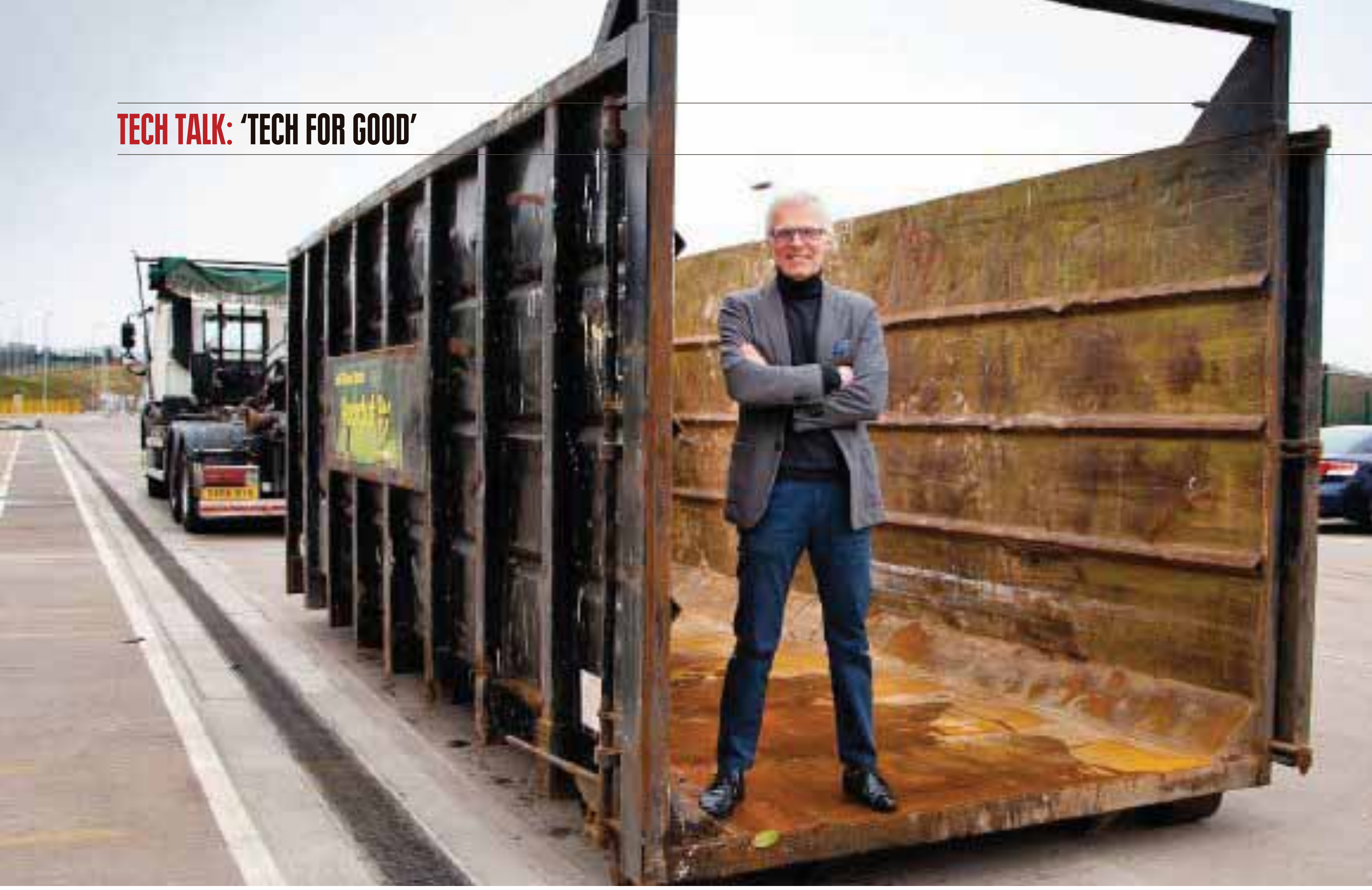
Above: Toronto
Below: Lee Schofield

"Canada has an abundance of naturally regenerated forests, making it difficult to establish good statistics due to its vast area and mix of tree age and species in these forests," he says.

Although the long-standing links make it a welcoming market for Scottish businesses, according to Hemisphere Brands' Horne, success still demands careful planning.

"You can't just dump a product there and hope it flies. You really have to invest behind the brand," says Horne who together with business partner Lee Schofield has been over to Canada five times in the past year.

"We've a long way to go but the early progress we have made in Ontario has now given us the confidence to move into other provinces." ■



A DIGITAL FORAY INTO CLEANING UP THE PLANET

By MICHAEL FEELEY

DIGITAL isn't necessarily the first sector you would think of as a potential saviour of the environment, however, a range of emerging Scottish tech companies are hoping to help heal the planet and cleanup in the marketplace at the same time.

Take, for example, Edinburgh-based **Topolytics**, which in May of this year won the Google Cloud and SAP Circular Economy 2030 Contest. Launched at the World Economic Forum in February 2019, the contest set out to find the best ideas to unlock $4.5trn of new economic output by reducing waste and pollution, keeping products and materials in use and/or regenerating natural systems.

Topolytics fought off 250 entries from more than 50 countries to win the $100,000 prize with its WasteMap data platform, which combines mapping and analytics to make the movement of industrial waste and by-products easier to track. This in turn allows users to identify opportunities to reduce the impact of waste management and help to maintain materials and assets at a higher utility.

Above: Topolytics founder Michael Groves

> **Topolytics achievement adds backing to Scotland's reputation as a progressive international nation which actively supports businesses**
>
> Alisdair Gunn, Framewire (below)

Topolytics founder Michael Groves says: "Winning the contest is a great validation of what we've been doing up to now. The range and quality of technologies developed by Google Cloud and SAP will undoubtedly help with the rapid commercialisation and scaling of WasteMap.

"The Circular Economy movement is becoming a big driver within the corporate sector. Companies want to reduce waste, design waste out of production or find other ways to utilise their waste. We see a global opportunity, as waste is a global issue. Our central aim to build a global data set is not just an idle fantasy, it's the strategy required to tackle this particular problem. We are currently working with lots of large companies that generate a lot of waste and showing them in detail what is happening to the waste they create. This data helps to build up a better picture of the hugely complex journey that industrial waste can go through."

Groves expects regulatory and technological pressures to drive rapid change in the $400bn a year global waste management industry and feels Topolytics is well positioned to capitalise on the desire for greater accountability around waste.

Alisdair Gunn, director of **Framewire** and tech start-up advisor, believes winning the 2030 Award and having their platform reviewed by judging panel experts from SAP, United Nations, Google and the Ellen MacArthur Foundation not only represents a fantastic result for the Topolytics team, but is also an invaluable boost for Scotland's expanding 'Tech For Good' marketplace.

Gunn says: "Topolytics' achievement adds backing to Scotland's reputation as a progressive international nation which actively supports the creation and scaling of 'Tech for Good' businesses. We now have an ecosystem which includes the likes of Sustainably, Kindaba, Good-Loop and Power A Life. Scotland's reputation as a leading global nation for Social Good was amplified in Tech Nation's recent Tech for Social Good research report and Tech Nation identified Glasgow and Scotland's Hebridean coast as key locations for Tech for Social Good not-for-profit organisations.

"Alongside existing initiatives like FutureX's annual Impact Summit, which celebrates purpose-driven, innovative entrepreneurship, I think we can look forward to the future scaling of Scotland's 'Tech for Good' ecosystem."

Power play

With climate protests an increasingly common phenomenon on our city streets, the heightened awareness around climate change is translating into business for some. Glasgow-based **Smarter Grid Solutions** (SGS) develops software that enables low carbon energy to be smoothly integrated to the power grid. The company's flagship product, ANM Strata, is the only DERMS (Distributed Energy Resource Management System) software on the market to combine 'look ahead' grid optimisation functionality with real-time control of service delivery.

Graham Ault, executive VP at SGS, says: "In every regard, we are seeing increased awareness around climate change translate itself into targets and policy, research programmes, incentive programmes – real action by our customers to get low carbon technologies and energy on to the grid. We're seeing real momentum and our market is undoubtedly growing because of that."

Over ten years, SGS has grown to a team of 70, with offices in New York, California, Glasgow and London, and now works with approved energy network integrators across the globe, including North America, EMEA, India and Australia. The company estimates that it has connected more than 350 MW of distributed energy assets to the Grid to date, generating cost savings worth over €200m to its customers.

Ault said: "Our first major project, 10 years ago now, was working with SSE Networks in Orkney, where they were struggling to find the capacity on their network to integrate the energy output of the local windfarms. Our technology is designed so that it doesn't matter too much what sort of device you're connecting to the grid, so we work on the integration of solar energy projects, battery storage systems, eco charge solutions, you name it."

Last year, SGS opened a global R&D lab in New York City, which links with its Glasgow-based lab to create a single virtual development environment and

> **In every regard, we are seeing increased awareness around climate change translate itself into targets and policy, research programmes, incentive programmes**
>
> Graham Ault, Smarter Grid Solutions

allows its development teams on either side of the Atlantic to collaborate closely. The labs support the development of SGS's next generation of products by testing the scalability of its technology to millions of distributed energy resource devices and aligning product development activity with global market developments and standards.

"There's still huge potential for growth," says Ault. "A rapidly growing market for DERMS software has crystalised around everything we've been doing for the past decade. In 2017, we signed with a global channel partner that has successfully taken our solution to places like Australia and India. And late last year, we struck our first enterprise-wide software licence deal in the UK, with the entire client organisation using our solution to manage their distributed energy resources."

Be reassured then that, rather than facilitating an AI-fuelled future dystopia, many of Scotland's digital innovators are, in fact, contributing to a cleaner planet and more sustainable future for us all. ■

COMMENT

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Feeling Supersonic?

You may question the link between technology and a well-known Oasis song lyric.

Artificial Intelligence (AI), BlockChain and Augmented Reality are the current usual suspects when it comes to Disruptive Technology, but the latest is Supersonic Technologies and its game-changing impact on commercial travel.

Disruptive Technology displaces the established, shaking up an industry to spawn something ground-breaking – cutting air travel time in half and connecting people faster than ever before would definitely qualify – but what do we actually need and who is asking for it?

Back firmly on the ground, the concept of Digital Transformation might be considered the logical wrapper for tools facilitated by disruptive technologies.

Real Digital Transformation in today's modern workplace is all about giving people the right tools and support to get the job done – not just about more speed and features. In fact, the latest findings estimate that more than 45% of software features are never used. The focus needs to be on improved simplicity.

Personally, I am much more excited by the prospect of driving Digital Transformation through the use of the widely-available Microsoft Teams platform. With a 'use what you already have' philosophy, this cloud-based application is a real gem for driving collaboration.

Part of the Office 365 suite, it delivers messaging, voice and video calls, meetings and file-sharing for businesses of all sizes. My prediction is that it will revolutionise the modern workplace. Why? It helps deliver the 'Modern Job'- fostering innovation and creativity so everyone in your organisation can contribute ideas while working safely, simply, and flexibly. Oh, and did I mention Artificial intelligence? It has that too.

So, whilst the next crop of future technologies – space drones, 800mph trains and smart t-shirts that monitor your health - may sound exciting, you don't need to move faster than the speed of sound to make dramatic improvements to your business.

The latest industry surveys show that organisations implementing Microsoft Teams have reduced costs, accelerated decision-making, and an improved customer/employee experience, through reductions in meetings and other efficiencies.

That's got to be good, if not supersonic.

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An aerial view of the Waterfront Plaza development

RELATIVELY CHEAP LAND PRICES FUEL WATERFRONT PROPERTY GROWTH

By FRANCIS SHENNAN

ON THE Waterfront gave Marlon Brando probably his most famous movie line: "Coulda been a contender." Now waterfronts are contenders as the favoured spots for residential, commercial and mixed-use developments.

"Studies show the benefits of living and working near water," says Amy Norton, partner at law firm **CMS**. "These positive aspects are being harnessed by developers by creating open spaces in the common areas of residential developments, walkways beside the water and also making the most of the views afforded by outdoor space for individual properties, like balconies and terraces.

"From an aesthetic perspective, it's much more desirable to look out on to water rather than other buildings."

Chris Narrowmore, partner at construction and property consultancy **Thomas & Adamson**, adds: "Driven by relatively low-cost land prices, often stunning views and the chance to live in a purpose-built accommodation with all the benefits that come with it, Scotland's residential waterfront developments don't show any sign of slowing down.

"In the last decade, for example, we have worked on regeneration projects in both Dundee City Waterfront and Edinburgh Quay to help solve housing issues and breathe new life into local communities to great effect."

And David Stewart, partner at **Morton Fraser**, points out: "With the population of Edinburgh set to grow by approximately 23,000 in the next four years, the city's development priorities largely press on identifying and satisfying housing needs. The council development plan, The City Plan 2030, will set out priorities for the next decade and is expected to be in place by 2022.

"As part of that requirement, the council has taken control of various key development sites along the waterfront in the Granton area, north Edinburgh. The ongoing masterplan is targeting 4,000-plus new homes to be built in phases over the next ten to 15 years.

"Further along the waterfront in Leith, L&G has recently announced plans to fund S1 Homes' 'Skyliner' development of 338 build-to-rent flats, spread over three towers of ten to 14 storeys."

From an aesthetic perspective, it's much more desirable to look out on to water rather than other buildings

Amy Norton, CMS (below)

Places for People (PfP) lays claim to kick-starting the Edinburgh Waterfront revival 10 years ago with the first phase of the Upper Strand development, part of a planned wider residential community of 600 homes on Waterfront Avenue. Upper Strand provided more than 130 homes and commercial spaces in a mix of four and 11-storey buildings. The nearby Lighthouse Court development of 62 low-energy homes was completed in 2013, and 55 Degrees North provides 68 apartments and 33 townhouses.

Phase 3 of the Waterfront development, designed by architects Reiach & Hall, has six traditional-build properties on the ground floor with 56 modular units on top making up 25 two-bed apartments and two three-bed apartments. They were precision-engineered in PfP's Modularwise factory in Wales before being assembled on site by sister company Allenbuild.

They will be sold to **Castle Rock Edinvar**, PfP's registered social landlord in Scotland, for mid-market rent. "Our new homes at The Waterfront will provide the city with desirable and affordable mid-market rent accommodation which we have been able to deliver more efficiently from start to finish using Places for People resources," says Richard Jennings, managing director of Castle Rock Edinvar.

Norton says: "Edinburgh's waterfront and Western Harbour area development aims to transform empty, reclaimed land in the Port of Leith into a new waterfront community to include over 900 homes, a park and commercial and community units.

"The Granton Waterfront area has huge recreational, cultural and education opportunities and is already home to the National Galleries of Scotland and Edinburgh College. Many would have doubted that Leith would become the place it is today: home to yoga studios, craft-beer bars and vegan cafes.

"Whether the aim of addressing the city's housing need will be met depends on the mix of housing which must include affordable properties to rent and buy, alongside the premium build-to-rent and sale offering."

Stewart notes that at Granton "strategic planners are considering a preference for 'stepped height' developments, with shorter buildings close to the waterfront, increasing in height as the buildings sit further back from the shore; the idea being that the waterfront views can be shared across a larger number of occupiers in different buildings and developments."

Mixed-use is frequently part of the appeal of waterfronts. Ryden is marketing 14 ground-floor commercial units ranging from 500 to 900 sq ft in the **CALA Homes (East)** Waterfront Plaza development of 422 townhouses, colonies and apartments. The commercial units are expected to be available early next year.

"The aim of this development was to regenerate Leith's famous waterfront and bring new life to the disused and derelict site," says Craig Lynes, land director with CALA Homes (East).

Waterfronts exist well inland and at New Fountainbridge in Edinburgh a canal-side development of 234 new homes for rent and and six ground-floor commercial units received planning permission this summer. Designed by Scottish-based 3DReid for Vastint Hospitality's first UK residential project, it has been shaped around a network of streets, private courtyards and public and private gardens.

The development will transform a former industrial area to establish a new neighbourhood on the banks of the Union Canal between Haymarket and the residential areas of Bruntsfield and Merchiston. It includes two new streets to connect

Work in progress at Edinburgh Waterfront

Driven by relatively low-cost land prices, Scotland's residential waterfront developments don't show any sign of slowing down

Chris Narrowmore, Thomas & Adamson (below)

Fountainbridge to the Union Canal, one through to Bruntsfield and the south, and the other providing a local link to the canal towpath.

Chris Jetten, development manager for **Vastint Hospitality**, which has hotel investments throughout Europe, says: "We worked hard with the design team, architects 3DReid and other consultants for almost three years and it is great to have the entire development consented now.

"Vastint is intending to hold the assets long-term and our overarching objective is to create a high quality and lively place where people can live, work and enjoy their free time."

In Glasgow a £100m waterfront regeneration on the Clyde will include a 35,000 sq ft Lifestyle Outlets development of shops, restaurants and cafés, a waterfront promenade, cinema, gym, family leisure facilities and public event space at Glasgow Harbour, due to open in less than two years.

The first phase of the Glasgow Harbour plan was completed by Peel Group in 2008 with the construction of 1,100 apartments.

Closer to the city centre is

Buchanan Wharf. "Transport and infrastructure links are essential to making waterfront developments work," says Norton. "Buchanan Wharf focuses on having 'unrivalled connectivity' with direct access to bus, rail, cycle and motorway networks and only 15 minutes from Glasgow Airport.

"The benefits for this mixed-use development are that its riverfront location is so close to the city centre and faces Glasgow's financial services district – one of the reasons why Barclays have chosen this location for their new hub, creating up to 2,500 new jobs."

Elsewhere the £1bn transformation of Dundee's waterfront has been one of the most publicised. "This mostly due to the new V&A Dundee museum but there is much more to this 30-year project which covers 240 hectares of development land," she says. "The focus of the Dundee project covers many sectors including residential, hospitality and leisure.

"And it's right that hospitality and leisure are being included alongside residential as people demand that their leisure activities, whether that's restaurants, coffee shops, retail or gym, are right on their doorstep – creating that sense of place is crucial both for those living there and to attract visitors."

Narrowmore adds: "We also worked on the waterfront regeneration scheme in Dundee, Water's Edge, which opened in June. The project was such a success that Tayforth Properties – the team behind the project – is also looking to take the model to other sites across the UK, including Edinburgh, to create places that inspire and connect business owners and entrepreneurs.

"Port and harbour regeneration schemes are also seeing a resurgence across the country, with the £350m construction of the South Harbour in Aberdeen and the regeneration of the Forth Port in Leith. These investments open up Scotland to vital tourism trade and help the country's exporters send their world-class products to hundreds of markets across the globe. These are already having positive knock-on consequences for the local area, including the booming whisky trade, as well as helping Aberdeen's economy transition towards renewables." ■

Chris Stewart Group AC by Marriott project set to get underway in Glasgow

WORK IS about to start on a 245-bed AC by Marriott hotel which is part of a £100m mixed-use regeneration of the north east corner of Glasgow's George Square. The area will be developed by Chris Stewart Group (CSG) with the hotel as the first stage of a new neighbourhood between the Merchant City and the rebuilt Queen Street Station.

A new pedestrian lane, which will be known as Love Loan, will link North Frederick Street to John Street. The original Love Loan, tucked away near John Street and Martha Street, first appeared in the early 1800s as a home for chairmakers and glass, paper and glue merchants but disappeared in the late 1960s.

Above: How the AC by Marriott will look

The area will include new homes designed for low-carbon living, with electric car club and bike storage facilities. Overlooking George Square and Glasgow City Chambers, the project also involves bringing A and B-listed buildings back into public use.

£2m hotel snapped up by Bespoke Hotels on behalf of investors

BESPOKE Hotels acting for investors has bought the 83-bedroom Craiglynne Hotel in Grantown-on-Spey from Crerar Hotel Group. It had a guide price in the region of £2m for the freehold property and business.

"This follows our sale of Ben Wyvis Hotel, Strathpeffer, again acting for Crerar Hotels," said Julian Troup, head of UK hotels agency at Colliers International. "The marketing of Craiglynne Hotel was conducted in a confidential fashion and attracted a healthy level of interest."

Crerar's chief executive Paddy Crerar called it "another key milestone in our right-sizing strategy – the capital released by the sale will be fully reinvested in our core properties".

Theatre is centrepiece of new £37m Cumbernauld Academy campus

ANYONE going to see the musical *Girls Night Oot* at Cumbernauld Theatre this month will get a taste of the new £37m Cumbernauld Academy campus.

The campus includes a 1,250 secondary school and a new venue for Cumbernauld Theatre with a 305-seat auditorium, 195-seat studio theatre, 80-seat digital media cinema, dance studio and café.

New Cumbernauld Academy buildings

Contractor Morrison Construction acted for hub South West, the public-private partnership for building community infrastructure in Lanarkshire, Ayrshire and Dumfries & Galloway. The Design, Build, Finance and Maintain (DBFM) contract is the third large school project for North Lanarkshire Council.

Eddie Robertson, managing director of Morrison Construction Central Scotland, said: ""During the construction of this fantastic building, we have invested £20.2m into the community through the employment of local businesses. Our progressive social value programme also provided 165 days of work experience, supported 13 apprenticeships, three graduates and created ten jobs."

Tech firms take big spaces

TWO TECH firms have between them taken three floors of Glasgow office buildings. Telecommunications company Gamma has taken 15,744 sq ft on the fourth and ninth floors of 2 West Regent Street. Edgar Property Solutions acted for Gamma while Avison Young and LSH acted for Warburg-HiH Invest Real Estate UK Ltd.

A couple of streets away international IT and networking company Cisco Systems is moving from Eurocentral to the 5,300 sq ft sixth floor of 310 St Vincent Street in Glasgow. It follows a £5.5m refurbishment which included creating "sky garden" terraces.

Coffee Republic is also moving into 2,000 sq ft of space on the ground floor. Other occupiers include patent and trademark company Lawrie IP and computer-aided engineering software firm OnScale.

310 St Vincent St

"We already have strong interest in the remaining space," said Richard Harrison, senior asset manager at private real estate investor and manager Praxis. "Despite the political headwinds, we're expectant that we'll be at or near to full occupancy by year end."

Sarah Hagen, office agency associate at Knight Frank who represented Praxis while JLL acted for Cisco, said: "It's been very challenging for occupiers to find space that matches their corporate identity. The configuration of the building also provides huge flexibility, catering for enquiries of 3,500 sq ft and up."

Ryden secures two major tenants

TWO REFURBISHED townhouses in Edinburgh city centre have been let to single tenants. Ryden, acting for City and Pacific, let the 4,716 sq ft 45 Charlotte Square to investment firm BennBridge on a 10-year FRI lease at £150,000 per annum, and the 3,641 sq ft, five-storey 6 Rutland Square to law firm Gilson Gray at £90,000 per annum on a 15-year lease with five yearly breaks.

The oustanding performers from Scotland's SMEs to be honoured

LEADING small and medium-sized businesses are invited to enter the *Insider* Scottish SME Awards 2019. The awards celebrate the success of the best performing companies in this important section of our business community.

The awards are a mix of those that are calculated from *Insider*'s SME300 Index whose performance has soared over the year and some categories where nominations are accepted. There are three awards open for nomination.

The **SME Employer of the Year** category will celebrate the company that has gone above and beyond in the way they treat their team members.

The **Youth Initiative Award** marks the business headquartered in Scotland which is doing most to bring young people into the world of work.

Companies entering should demonstrate their commitment to recruiting, engaging and developing young people.

The **Sprint 100** category will go to a business with a turnover between £500,000 and £8m which can demonstrate notable growth over a three-year period.

The other four awards are selected from the *Insider* SME300 index which annually ranks Scotland's top companies with a turnover of £8m-£20m.

The top award of the evening will go to the business that tops this year's **SME300 Index**.

The SME300 Index ranking is calculated using a computation from a ranking first turnover and then pre-tax profit with the two figures being combined and weighted by turnover.

Above: Networking at last year's *Insider* Scottish SME Awards

The awards are presented at a black tie award celebration dinner attended by more than 200 people including representatives from the SME300 companies

The other categories that will be awarded from *Insider*'s exclusive index are:

The **Fastest Growing SME300 Company** *(sponsor: LendingCrowd)* – For the company with the highest turnover percentage over one year. Only the companies listed on the *Insider* SME300 index are eligible for this award.

The **SME300 Highest Climber** – the company which climbed the most places in the SME300 listing.

The **Best SME300 Newcomer Award** *(sponsor: SSE plc)* – for a business that has climbed into the listing this year.

The awards are presented at a black tie award celebration dinner attended by more than 200 people including representatives from the SME300 companies.

This year's event is being held on Wednesday 30 October at The Doubletree By Hilton Hotel Glasgow Central in Cambridge Street. The award winners will be featured in the November/December issue of the magazine, copies of which will be handed out at the end of the awards evening. ■

More information about the awards can be found at www.scottishsmeawards.co.uk. To discuss sponsorship opportunities please contact Aileen Turnbull on 07825 899187 or at aileen.turnbull@insider.co.uk

WOMEN'S ENTERPRISE SCOTLAND AWARDS

Shining a light on women in business as shortlist is revealed

THE Women's Enterprise Scotland Awards 2019 drew in a notably high standard of entries. The judging panel had a tough task picking from what was a very strong field of entrants.

Entrepreneur Vicky Brock who chaired the judging panel said: "The judges were impressed with the fantastically high standard of entries. The range of the individual business leaders and enterprises represented here shows there is lots of new talent appearing.

"The Women's Enterprise Scotland Awards is a great vehicle for shining a spotlight on the emerging talent and some of the more established female leaders." The awards this year feature ten categories highlighting the best female-led enterprises and women leaders who are making waves. The finalists are:

Business of the Year

iMultiply – The growing recruitment firm founded seven years ago by Kirsty Mackenzie

Little's Chauffeur Drive – The five decade old innovative business run by partner and managing director Heather Matthews, the daughter of the original founder

Speyside Distillers Co – The expanding Glasgow-based whisky business with a distillery on Speyside where Patricia Dillon is managing director

Above: Judging panel chair Vicky Brock

Best Rural-Based Business

The Real Food Café – The popular café in Tyndrum run by Sarah Heward

> The range of the individual business leaders and enterprises represented here shows there is lots of new talent appearing
>
> Vicky Brock, judging panel chair

Molke – The Perthshire underwear business run by Kirsty Lunn and Ros Marshall

Samtaler – The political and social impact consultancy founded by former Downing Street staffer Sarah Stone

Best Social Enterprise

Radiant and Brighter – The Community Interest Company founded by Pheona Matovu working with migrants and the ethnic minority community

Adopt an Intern – The high achieving organisation run by Joy Lewis that provides openings to help graduates get into the world of work

Social Bite – The catering business co-founded by Alice Thompson that supports the homeless

Board Member 2019

Roz Cuschieri – An executive with more than 30 years experience in fast-moving consumer goods who is on the board of Worldwide Cancer Research among others

Elsa Jack – A non-executive director of Isle of Harris Distillery amongst others

Debbie Shields – The senior recruitment specialist who serves

business insider

on the board of SAY Women which offers support for survivors of sexual abuse

Business Leader 2019

Joanne Telfer – Co-founder of growing, independent recruitment agency Ten Live Group
Wendy Pring – Managing director of KCP Environmental Services, one of the 'go to' companies in waster management
Lynn Laughland – Managing director of HRM Homecare Services, one of the fastest growing providers of care at home services

Emerging Business Leader 2019

Clare Adams – Founder of Total Health, a business that provides personal training, physiotherapy and nutrition advice
Sara Roberts - The founder of Healthy Nibbles, the vending and subscription snack service
Lisa Thomson – Founder of Purpose HR which provides HR and people management services for high-growth tech companies

Innovator of the Year

Amanda Pickford – Developer of groundbreaking software ThermaFY that heat patterns to get the most out of thermal images
Caroline Hogg – Founder of Cascade Water Products which develops grey water recycling systems to help tackle the world's water crisis
Imogen Russon-Taylor – The founder of Kingdom Scotland, the country's first fragrance house

Growth Business of the Year

Tag Digital – The fast growing online marketing business co-founded by Laura Davidson
Layer Systems – The fast-growing tech company behind The Layer, a software solution designed for the telecoms sector, founded and led by MD Michelle Livingstone
Molke – A second nomination for Ros Marshall and Kirsty Lunn's Perthshire-based ethical underwear company

Above: Last year's awards attracted a big audience

The Women's Enterprise Scotland Awards dinner takes place on Wednesday 18 September at the Grand Central Hotel in Glasgow

Invested Business 2019

Talking Medicines – The digital-based business, led by Jo Halliday that supports patients to get the most out of their medicines
Healthy Nibbles – A second nomination for the business founded by Sara Roberts

Start-up of the Year

Whisky Frames – Co-founded by Kirsten Hunter, the business that makes picture frames made from old whisky barrels
Matugga Distillers – The award-winning artisanal rum business that co-founder Jacine Rutasikwa is building in West Lothian
The Edinburgh Practice – Dr Fiona Wilson is the clinical director of this practice that offers a range of psychological services.

In addition to chair Vicky Brock of Get Market Fit, the judging panel included Nick Kuenssberg, chairman of health provider Frog Systems; Alastair Davis, chief executive of Social Investment Scotland; Pamela Scott of Diageo; and Bill Bowman MSP.

The awards dinner takes place on Wednesday 18 September at the Grand Central Hotel in Glasgow.

Further information about the awards can be found at womensenterprisescotland awards.co.uk. ■

To discuss sponsorship opportunities please contact Aileen Turnbull on 07825 899187 or at aileen.turnbull@ insider.co.uk.

TAX ISSUES COME TO THE FORE IN COMPLEX PENSIONS PICTURE

By FRANCIS SHENNAN

PENSIONS have become entangled in tax problems on a scale so great that even the taxman does not know how many people are affected. And the problems are hitting at two different stages.

When paying in, the annual allowance on tax relief for pension contributions is hitting middle-class earners, such as doctors, leading to an NHS staffing crisis. And when taking out, record numbers are now being over-taxed and an unknown number fined for breaching regulations.

Chris Hopson, chief executive of **NHS Providers**, the membership organisation for NHS hospitals and other services, says: "Trust leaders report significant numbers of key clinical and managerial staff can no longer afford to work extra shifts and weekends due to pension taxation rules. This is now an immediate, major, problem for the NHS. This isn't just about top-paid doctors."

A BMA Scotland report warned four in 10 primary care doctors has reduced their workload or considered doing so because of taxes on pension contributions.

> **This is now an immediate, major, problem for the NHS. This isn't just about top-paid doctors**
>
> Chris Hopson, NHS Providers

The annual allowance limits relief on an employee's and employer's contributions to £40,000, but tapering gradually reduces this from £40,000 to £10,000 for those with total incomes including pension rights of £150,000 and to £210,000. Calculating pension rights, however, can mean the tapering applies to incomes of £110,000.

Tapering was introduced by George Osborne from 2016-17 so this year its effect cannot be eased by carrying forward annual allowances unused from the three previous years.

Scottish Health Secretary Jeanne Freeman has been among those calling for a change to how the tapered tax allowance works.

The UK government is publishing consultation on allowing public sector staff to reduce contributions to zero. This would allow doctors to receive the pensions contributions the employer would have made, increasing their pay packets.

The Treasury will also look at how public sector workers are taxed on their pensions. This will not involve reviewing the £40,000 threshold but instead will look at how this is tapered down to £10,000. It will be up to Scotland to decide whether to make similar changes.

Hopson's deputy Saffron Cordery warns: "This is not just about clinicians, it affects very many senior leaders." And a policy paper from insurer **Royal London** notes: "The same limits apply to other pension schemes and can create some of the same problems, notably the complexity of the tapered annual allowance and some of the unwelcome cliff-edge effects."

Sir Steve Webb, a former pensions minister and now director of policy at Royal London, says it was an "absurdly complex bit of the pension system which is causing real harm", adding: "There are better ways of managing the overall cost of pension tax relief, and the new Chancellor needs to fix this urgently."

The other cap on tax relief for pensions, the lifetime allowance (LTA), has also suffered increased restrictions, having been cut three times since 2010. In the years 2010-11 and 2011-12 it was £1.8m. At that point it was roughly 80 times the national average wage. By last year it had fallen to only a little under forty times the average wage.

So the allowance is twice as restrictive as it was less than 10 years ago. And this looks set to continue. For while pension contributions and pension rights are likely to rise in line with average earnings, the lifetime allowance will rise only in line with CPI. The effect has been to catch many more people in the pensions trap.

A Royal London analysis suggested 1.5 million people more are at risk of breaching the allowance before they retire. The excess amount is subject to a tax charge of 25 per cent if the pension is taken as regular income, or 55 per cent if it is taken as a lump sum.

The most likely to breach the limit are those earning £60,000-£90,000 per year, particularly senior public-sector employees with long service in defined benefit schemes, and employees in defined contribution schemes whose employers make a generous contribution.

Royal London's new policy paper says: "There is clearly a case for abolishing the LTA outright. It seems excessive to limit people on the amount that they can put into a pension and to limit them on the amount they can build up. Where money is in a Defined Contribution pension arrangement, the mere fact of investment growth can lead a pension pot to exceed the LTA, and it seems odd to penalise people simply for investing their money well."

There are better ways of managing the cost of pension tax relief, and the new Chancellor needs to fix this urgently

Sir Steve Webb, Royal London (above)

Jeanne Freeman

At the other end of the process, taking money out of your pension limits how much you can still contribute. The annual allowance of £40,000 has, since 2015, been reduced for people who take taxable cash from a pension using the pension freedoms legislation. This Money Purchase Annual Allowance (MPAA) was £10,000 but in 2017 was reduced to £4,000.

The purpose was to discourage people from "recycling" money in and out of pensions, repeatedly benefiting from tax relief on the way in and tax-free cash on the way out. So when individuals take a chunk of taxable cash from one pension, the pension provider is meant to notify that they have triggered the MPAA.

Customers then have three months to notify any other pension scheme they have that the reduced allowance applies. Failing to notify the other pension scheme incurs a fixed penalty of £300 and a recurring penalty of £60 a day.

However, a Freedom of Information request by Royal London to find out how many people had triggered the charge since it came in, HM Revenue & Customs said they did not know and that it would be disproportionately expensive to find out.

"It is truly astonishing that HMRC are presumably fining people for not complying with complex regulation but do not even bother to keep track of how many people they are fining," says Webb. "HMRC would take a dim view of any taxpayer who did not keep proper records, yet they appear not to have a clue about their own actions.

"If large numbers of people are being fined for non-compliance then we need to know so that more can be done to alert customers as to their responsibilities under the law.

"Even if HMRC have no historic

information, they should, at the very least, start to keep records now."

The revelation comes as a record £2.75bn was withdrawn under pensions freedoms in the second quarter of this year, 21 per cent up on the same quarter last year, according Revenue & Customs. In total, more than £28bn has been flexibly withdrawn from pensions since flexibility changes in 2015.

However, a growing number of them are being over-taxed for doing so. Figures for the same quarter show that the number over-taxed also hit a record level. More than 17,000 people reclaimed £46m in tax compared with 14,000 people claiming back £29m a year earlier. The total amount which taxpayers have had to claim back is now around £480m.

"Since 'pension freedoms' were introduced in 2015, more people have been able to take lump sums out of their pension fund as and when they wish, but these lump sums are often over-taxed on an 'emergency' basis, with taxpayers having to fill in one of three different forms to claim back the excess tax," says Webb.

He forecasts that the total amount taxpayers have had to claim back would top the half- billion pound mark in the current quarter. "It remains a scandal that people who are legitimately accessing their own money, using freedoms given to them by the government, are routinely being over-taxed for the convenience of HMRC.

"Thousands of people every month are having to fill in complex paperwork to recover tax they should never have had to pay. The latest figures show that this problem is now reaching epidemic proportions, with nearly half a billion pounds having to prised out of HMRC's hands and returned to its rightful owner."

Withdrawals above the 25-per-cent tax-free amount are taxed at a person's marginal rate of income tax but in the majority of cases the pension provider does not have the correct tax code for the person and withdrawals are taxed using an emergency tax code. ■

IN FOCUS: Pension funds

Property in pensions market set for further growth

THE QUEST to protect and improve returns leads pension funds to look at investments that used to be regarded as "alternative", especially when some traditional investments may become off limits.

"People are constantly planning for their personal financial futures and business and commercial property owners are no different," says Fergus McDiarmid, partner and head of the Property in the Pensions team at Morton Fraser. "They are becoming more and more aware of the benefits of utilising their commercial property to add to their pension pot.

"Property in pensions is utilised exclusively for pension build-up and tax benefits, and allows commercial real estate owners to receive tax beneficial rental income and capital growth. Business owners, once aware of the benefits, view this option as a no-brainer.

"That said, while many know about the benefits of these particular alternative pension investments, there are still a large number that don't. Work still needs to be done to relay this message effectively if we're to see the market continue to grow.

"The property in pensions market is buoyant at the moment and there is definitely scope and appetite for further growth. Through our work in providing legal advice to leading pension providers across the UK, we have seen an increase in interest and use of self-invested personal pensions (SIPPs).

"Our Property in Pensions team is the largest of its kind in Scotland and, due to the rise in awareness and popularity of such schemes among business owners, has seen steady growth in recent years."

Other investments, meanwhile, are falling out of favour for a number of reasons. The government's auto-enrolment provider, NEST, is divesting from tobacco completely, deciding it is a bad investment. And MPs have urged pension funds to divest from "risky" fossil fuels.

"MPs are trying to protect the level of risk in pension funds, which is an applaudable move," says Tom O'Brien, financial planner at Brewin Dolphin in Glasgow. "However, as we have seen with big companies in the past and more recently with the likes of Carillion, any investment requires the correct due diligence to be carried out in order to make a good, considered decision.

"Our members of parliament aren't the only ones making these kinds of choices. Earlier this year, the Norwegian sovereign wealth fund announced its intention to sell investments in pure-play oil and gas businesses while, closer to home, the National Trust said it would divest its holdings in fossil fuel companies.

"This opens up the opportunity for others to buy the shares, but it is also likely to drive prices down – a typical knock-on effect of increased availability."

Boris Johnson in his leadership campaign promised to look again at so-called "sin taxes", but the market may be ahead of him. "Tobacco has always been viewed as a defensive play in the market – a sector you invest in for security, when other areas of the economy are proving volatile," says O'Brien.

"However, the share prices of tobacco companies have been driven down over the last two or three years, with fewer people smoking in developed countries and others switching to vaping.

Tom O'Brien, Brewin Dolphin


Fergus McDiarmid, Morton Fraser

"There is also a millennial dimension playing a part, in that this generation are generally considered to factor health and environmental considerations more into their decision-making – they may be willing to forgo profit for more ethical choices.

"Indeed, members of pension schemes are potentially living longer, and some may have been touched in their lives, either directly or indirectly, by the health problems that smoking causes. Given the direct link between the government and the NHS, perhaps the NEST scheme should be more ethical."

He adds, though: "NEST could struggle to replicate the long-term profit and income generated by the tobacco sector, but there are opportunities in up-and-coming environmental, social and governance (ESG) investments, renewables and electric power among them."

On the subject, he has noticed that the majority of new clients are increasingly concerned about where they will actually be investing. "Rather than focusing on the level of risk, they are interested in sustainability. The shift to longer-term sustainable holdings is a regular feature of conversations – investing in the circular economy and similar areas is huge.

"While I believe it's a generational shift, both millennials and those currently invested are affected by these issues and are actively interested in how their investment decisions can make an impact.

"Part of it can be put down to the power of travel: people are more able to go abroad and see first-hand the effects of climate change and other environmental problems such as palm oil production. With a younger generation more focused on 'doing the right thing', they will make their own personal stamp on socially responsible investment." ■

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A+B WEALTH CHARTERED FINANCIAL PLANNERS

Q&A

SALLY NASH, Gilson Gray

Q: A new guide on what happens to pensions on divorce was published this summer by the Pension Advisory Group but a Scottish case has been crucial in how pensions are divided, hasn't it?
Yes, it is relatively rare for the Supreme Court to be asked to adjudicate on Scots family law but two years ago it decided the case of *McDonald v McDonald*. At the core of the case was the correct formula to use when calculating the proportion of a pension to be treated as matrimonial property in Scottish divorce cases.

With pensions often being the second most, if not the most, valuable asset in Scottish family cases, the impact of McDonald is significant for many separating couples.

What did the case decide?
In Scotland matrimonial property is defined all assets acquired between the date of marriage and the date of separation, except assets which are acquired by a gift or inheritance from third parties.

Pensions are matrimonial property insofar as they can be attributed to the period of the marriage. Therefore a valuation of a pension is obtained at the date of separation and then a calculation is made of what proportion of that value is attributable to the period of the marriage.

Why did this go to the Supreme Court?
What had been in dispute among family lawyers for many years is what "membership" means in the context of the relevant legislation. When the case first came before Edinburgh Sheriff Court, it was held that only "active" periods of membership were relevant.

In other words, the only relevant period of membership was the period during which the pension was actually being paid into. On appeal, the Inner House of the Court of Session upheld that judgment by a majority of two to one.

What was at stake?
The difference that it made to the parties in McDonald was significant. If the Sheriff Court, and the majority in the Inner House were right, and only active periods of membership were to be taken into account, then the value of Mr McDonald's pension that was attributable to the marriage was £10,002.

If, instead, the whole period of membership – whether as an active member, a deferred member or a pensioner member – was relevant, then the value of the pension attributable to the marriage was £138,534.

And what was the outcome?
The Supreme Court disagreed with the Sheriff and the Inner House and unanimously decided that the relevant period of membership was the whole period. The McDonalds will not be the only separating couple that this decision impacts in a significant way.

The Supreme Court's decision ended a very long-running dispute between Scottish family lawyers about the correct interpretation of family law and supporting regulations.

Is that the matter over then?
Not quite. The McDonald decision may well bring an end to litigation on the correct interpretation of the formula for apportioning pensions. This binding outcome means it won't just be the amount paid in during marriage that is part of the estate.

However, the Supreme Court judgment also says that, just because the whole period of membership should be taken into account in calculating the value of the pension that is matrimonial property, does not necessarily mean that value will be divided equally.

Individuals will have arguments under other provisions of our family law legislation that it would not be fair and reasonable for the value of a pension to be divided equally in certain circumstances. It seems inevitable that we will see cases where unequal division is sought because the party concerned did not actively contribute to a scheme during the marriage. It has perhaps just shifted the battle lines. ■

Sally Nash is a partner in Family Law at Gilson Gray.

COMMENT

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Focus on what you can control

With the relentless stream of news readily available about financial markets, it can be tempting to focus on the latest economic data, stories about high profile investment managers or the performance of individual funds. Such an approach could lead you to overlook the basic principles that can give you the best chance of success.

These principles rest on a simple idea: focus on what you can control.

Goals – You should create clear, appropriate and realistic investment goals. The investment process begins by setting measurable and attainable investment goals and developing plans for reaching them. The old adage, fail to plan, plan to fail could never be more true.

Balance – Develop a suitable asset allocation using broadly diversified funds. A successful investment strategy starts with an asset allocation suitable for its objective. Investors should establish an asset allocation using reasonable expectations for risk and potential returns. The use of diversified investments helps to limit exposure to unnecessary risks and diversifying globally enhances this.

Cost – Minimise costs. You can't control the markets, but you can control how much you pay to invest. Every pound that you pay in costs and charges comes directly out of your potential return. Indeed, research suggests that lower-cost investments have tended to outperform higher-cost alternatives.

Discipline – Maintain perspective and long-term discipline. Investing evokes emotions that can disrupt the plans of even the most sophisticated investors. This can lead some people into making rash decisions based on market volatility. It is important to counter emotions and short term thinking with discipline and a long-term perspective.

In summary, a successful investment plan may include objectives, a timescale, risk profiling, an investment mix, monitoring and reviewing. By sticking to a predetermined plan this also helps to guard against the tendency to chase returns by moving into and out of the best and worst-performing sectors based upon recent past performance. Many investors fall prey to this trap. But, by rebalancing to your original allocation rather than chasing market performance, you can help to ensure that your portfolio remains aligned with your goals and your appetite for risk. Such a well-disciplined approach to investing will stand you in good stead.

A+B WEALTH CHARTERED FINANCIAL PLANNERS

People on the move in Scotland's business community

NEW POSTS

Sir Mark Jones has become chair of the **National Trust for Scotland.** He was director of the National Museums of Scotland from 1992 to 2001, where he oversaw a project to create and open the Museum of Scotland. He was director of the Victoria & Albert Museum in London where, during his tenure, there was a ten-year £120m programme which saw visitor numbers triple.

Construction Scotland, the trade body, has expanded its industry leadership group by appointing Balfour Beatty Scotland and Ireland managing director **Hector MacAulay.**
MacAulay has had a three-decade career in the civil engineering and construction sectors, having worked on a wide variety of projects around the UK and Ireland.

Regeneration specialist **Engie** has made two appointments to its management team in Scotland. **Paul Genoe** becomes commercial director while **Gareth Edwards** takes up the role of operations director.

Bield, the housing and support services provider, has appointed an interim chief executive as it continues to recruit for a full-time position. **Charlie Dickson** will take over the position on a temporary basis after the former post holder stepped down after nine years in the role. **Brian Logan** left the job after 14 years with Bield to take up a new challenge as chief executive of Capability Scotland.

Claire Reid in PwC leadership first

Claire Reid, PwC

CLAIRE Reid has become PwC's first female regional leader in Scotland, replacing Lindsay Gardiner after seven years in the role.

Reid joined the firm in her home city of Glasgow in 1998 and has spent her whole career at PwC. Until 1 July she was head of assurance for the firm in Scotland and led the UK-wide technology risk practice.

Reid graduated in international business and languages from the University of Strathclyde in 1998 and has spent two years working with high-profile tech firms in Silicon Valley, and ten in London where she established and developed PwC's Oracle assurance business.

She then spent time building the firm's cyber security business. Reid returned to Scotland in 2016 as head of assurance.

Her appointment comes as PwC increases its investment in data and cyber security.

Reid is seen as a champion for diversity, inclusion and gender equality, and is a mentor to aspiring female leaders in and outwith PwC.

Reid said: "I am truly honoured to take on the role as regional leader for Scotland. It's great to be back home in Scotland, working with local organisations and supporting them to prosper and grow across the region."

EY appoints new equity partner

BIG FOUR accountant EY has appointed an equity partner to lead its Innovation Incentives team.

Jonathan Boddy is EY's first partner dedicated to this area in Scotland and the firm said it reflects the work he has been leading to help businesses access research and development tax credits and innovation grant funding.

Boddy graduated in aerospace, aeronautical and astronautical engineering from the University of Durham before moving into consultancy with Alma in 2008.

He joined EY in 2011 as an advisor in engineering innovation and became a director, growing the Scotland business to a team of more than ten industry experienced engineers and tax specialists.

Meanwhile, Iain Wintour has been promoted to associate partner. He joined EY in 2014 as part of the Scottish Tax team focusing on infrastructure and renewables clients.

New chair at Scottish Financial Enterprise

Philip Grant, Lloyds Banking Group

PHILIP Grant of Lloyds Banking Group has been announced as the new chair of trade body Scottish Financial Enterprise.

His new role will be in addition to his position as chairman of LBG's Scottish Executive Committee with responsibility for the group in Scotland. He is also managing director of Customer and Business Risk of the Insurance and Wealth Division of LBG, which includes Scottish Widows.

He takes over from Jim Pettigrew, chair of CYBG, who is stepping down after completing his three-year term.

Grant said: "Having a strong, growing and innovative financial services sector is vital for Scotland's economy and global reputation.

"SFE is the focal point for the development of the economic, consumer and social value of financial services in Scotland. Its members have a shared commitment to making a wide range of career opportunities available across the diverse communities of Scotland."

The latest news from HR, recruitment, employment law and staff issues by **Ken Symon**

The case of a difficult employee

THE THORNY issue of how and when to deal with difficult employees has been highlighted in a recent employment tribunal case. The case of *Gibson v London Borough of Hounslow and Crane Park School* focused on how the school dealt with someone employed as a special needs teacher.

The claimant had been employed on a three-year fixed term contract and so had legal protection from unfair dismissal.

There was, according to the evidence, "conflict between the claimant and her managers in a number of areas from early on in the claimant's employment".

Over the three years the claimant was an outspoken critic of her line managers, senior management, the acting head teacher and her successor and the chair of the board of governors. She had "strong and well documented views on various matters which she raised frequently".

In this case the school also believed that the claimant was colluding with parents and stirring up issues which resulted in complaints against the school.

Concerns were also raised about the claimant's performance over the same period.

Pamela Macaulay, an employment associate with **Morton Fraser**, said: "The inevitable happened and following an incident at school the claimant and another staff member were subject to disciplinary action.

"The claimant then lodged a grievance against a witness in the disciplinary proceedings after finding a statement on a printer setting out evidence against her. She was then signed off sick with stress."

The claimant in this case was an American and her fixed term contract was due to expire at the same time as her visa. This was something that was imminent at the time of the disciplinary action.

Macaulay said: "The school may have seen this as their get out of jail free card and did not seek to discuss renewing the visa with the claimant instead deciding that they would let both the visa and her contract expire. However, unknown to the school the claimant applied for and obtained a short extension to the visa herself. The school did not though believe the claimant that an extension had been granted and she was dismissed when her fixed term contract expired."

Gibson brought claims for ordinary unfair dismissal, wrongful dismissal and holiday pay as well as claiming she had suffered detriment because she was a whistleblower.

The employment tribunal rejected the whistleblowing claims but did find that there had been an unfair dismissal.

At the time of the expiry of the fixed term contract the claimant could still have been working in the UK because of the extension to her visa.

As a result the tribunal said there was no fair reason for the dismissal when it occurred. However, compensation was limited to the period of the visa extension which was only six weeks. Macaulay said: "This claimant was, for want of a better description, something of a challenge to manage. It is easy to be wise after the event but it is perhaps surprising that the employer did not seek to dismiss the employee at an earlier stage."

She went on: "Given the employer managed to defend a whistleblowing claim three years into the employee's employment, it seems reasonable to conclude that they would also have done so after, say, six or nine months.

"To that extent, making no decision was probably worse than the risk of making a bad decision – the employer could have saved themselves months if not years of dealing with a problematic employee and the negative impact her criticisms must have had on the working environment for all involved." ■

COMMENT

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Teacher pushed out for refusing to apologise to pupil

Daniel Goodey was a Principal Teacher at the High School of Dundee (HSoD) from August 2004 until his dismissal in July 2018.

In early 2018 Goodey asked a pupil (X) to complete a piece of work alongside another pupil (Y). X complained about having to work with Y, but as she had no good reason for not wishing to do so, Goodey did not assign her to another partner.

In response to this, X walked out the classroom, prompting Goodey to make a sound of frustration and to tell X not to walk away angry.

X's mother then complained to the school and stated that she did not want X to continue to be taught by Goodey, which HSoD eventually agreed to. HSoD then raised a complaint of unprofessional conduct against Goodey after he refused to provide a written apology to X.

Goodey raised concerns about feeling that he was being bullied and harassed in relation to HSoD's handling of the complaint, particularly by the Rector, John Halliday. However, his grievance was not upheld by HSoD, which ignored its own complaints policy and suggested that Goodey's own behaviour might be investigated.

Goodey resigned in response to his treatment and claimed constructive dismissal.

The Employment Tribunal (ET) upheld the claim, referring to meetings between Goodey and Halliday as 'threatening and unpleasant' and finding that HSoD's actions were a breach of trust and confidence. Goodey was awarded over £60,000 in compensation.

This case highlights the importance of handling complaints well, and not assuming that they give you carte blanche to bully or intimidate an employee into apologising. Add in a poorly handled grievance and you further increase the risk of a constructive dismissal claim and substantial award.

If you have any questions on the above article, please contact 0333 2400 308 or enquiries@navigatorlaw.co.uk.

SLAINTE!

Insider's regular events picture pages

In association with

GLENGOYNE 1833 HIGHLAND SINGLE MALT SCOTCH WHISKY

Above: A preview event for The Ivy in Buchanan Street, Glasgow was marked by an appearance from The Red Hot Chilli Pipers. Scottish singer Amy MacDonald and her partner St Johnstone FC player Ricky Foster were among the 400 guests.

Above Left: Team MG Search took to Glasgow Green for the 3k on the Green charity race. Pictured, L-R, are the company's Ken Morrice, Callum Gillespie and Jen Gillan.

Left: Holyrood Distillery founders David Robertson (left) and Rob Carpenter (right) flank whisky expert Charles Maclean at the official opening of the distillery.

Above: Tata Consultancy Services held its annual summer reception on the Royal Yacht Britannia in Edinburgh. L-R: Kavita Kulwant, Sandy Ellen, Gopalan Rajagopalan, Ankita Jaitly and Amit Kapur.

Right: L-R: Jack Sutherland, Matt Grady and Shezad Sarfraz at the VIP opening of the new Belstaf store in Ingram Street, Glasgow.

Below: At the VIP Reception to open Water's Edge, the new Grade A commercial office development at Dundee's waterfront, L-R: Water's Edge MD Stewart Clark and Tayforth Properties co-owners Chris van der Kuyl and Paddy Burns.

THE TEN MINUTE INTERVIEW

Robin Knox

Robin Knox is the co-founder of Boundary, a business start-up he set up following the successful exit of his previous business Intelligent Point of Sale in 2016. Offering 'security as a service,' Boundary aims to disrupt the UK's home security market by becoming the first provider of smart home security for the mass market. Its innovative smart home security alarm will officially launch in early 2020 and plans to target 100,000 homes in four years.

What five words would friends/colleagues use to describe you?
Gregarious, outspoken, loud, hopefully generous and fun.

If you could choose anyone, who would be your fantasy board members and why?
If I could choose to throw ideas around with two people, it would likely be business heavyweights, Elon Musk and Sir Richard Branson. The former because he is a next level dreamer able to easily break ideas down to first principles. Sir Richard Branson because he lives a full life, is a master of marketing and builds people businesses.

If you could choose anyone, who would be your fantasy dinner party guests and why?
I'd choose to spend an evening of lively conversation with some more opinionated entrepreneurs like Sir Alan Sugar, Duncan Bannatyne and even the original wolf of Wall Street – Jordan Belfort (not that I endorse what he did). Derren Brown would be another interesting character.

What is your favourite way to unwind during time off?
When I am not working, I like to spend time with friends and family. I also enjoy watching movies and spending time in the garden.

What advice would you give to the next generation of business leaders?
Execute your plans, trust your gut, be agile, be fair and look after your team.

If you were in charge of Scotland, what would you change and why?
I would restructure the way that we support businesses because I think that the current system still relies on people to come from a reasonably privileged background to get started. This is why I co-founded Seed Haus – to support entrepreneurs in their very first steps.
We need to provide businesses with clear ways to access the right support at the right time. Accessing support is also a slow and time-consuming process, as well as a distraction from running the business.
I would begin by taking all application processes online, reducing the amount of paperwork required and simplifying the different types of support available.

Top: Alan Sugar is on the dinner party guest list

Above: Elon Musk would have a place on Robin's board

Below: Kyle of Lochalsh

What was the first film you saw at the cinema?
I think the first film I can remember seeing as a child was The Truman Show, which had me unscrewing the bathroom mirrors afterwards!

What is your earliest childhood memory?
I was proudly running to show my mother a tomato that we had grown and fell over to split my chin open, which required several stitches.

What is your favourite memory from your schooldays?
Probably my final year of school, I had an unconditional offer to study medicine at Edinburgh and the pressure was off – I didn't even turn up to my exams.

Describe a perfect day/night/weekend.
I would probably be road-tripping my way across America or somewhere else far-flung. I did this for my honeymoon and it was the biggest adventure.

What is your most embarrassing moment?
Triumphantly leaning back into my plastic chair at the end of higher biology exam, when the rivets attaching it to the metal frame snapped and, in a silent exam hall, I ended up on the floor. I just lay there amid laughter with an angry invigilator standing over me.

What is your signature dish to cook?
Roast chicken or fajitas – my culinary skills are simple!

If you could choose your last meal on earth what would it be?
It would have to be either Wagyu steak or Miso cod.

What is your favourite place in Scotland?
Kyle of Lochalsh, Invershiel. ■


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