

REPORT TO: PLACE SCRUTINY COMMITTEE
Date of Meeting: 12 January 2017
Report of: Victoria Hatfield, Economy & Enterprise Manager
Title: Support for Small Businesses

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive Function.

1. What is the report about?

1.1 To update Place Scrutiny Committee on progress made in expanding the contract for 2016/17 to cover Exeter and the Heart of Devon.

1.2 To update plans for the management of the contract for the 2017/18.

2. Recommendations:

2.1 That members support the City Council in continuing to fund business support for embryonic, new and existing businesses in providing opportunities for individuals to secure the means of improving their financial position and promoting job creation, at a cost of £25,000.

2.2 Officers within Growth & Enterprise be authorised to work with officers at Mid Devon District Council to negotiate a contract for up to £100,000 for the financial year 2017 – 2018. £25,000 has again been secured from each of the neighbouring local authority areas of East Devon, Mid Devon and Teignbridge to contribute to business support.

3. Reasons for the recommendation:

3.1 To ensure that there is fit for a purpose business support, advice and guidance for the residents of the Exeter and the Heart of Devon to gain free advice and guidance on setting up a new business, and improving the prospects of an existing business.

4. What are the resource implications including non financial resources:

4.1 £25,000 per annum and officer time to support Mid Devon District Council to manage the contract.

5. Section 151 Officer comments:

5.1 The funding set out in the report is already part of the budget and there are therefore no additional financial implications contained within this report.

6. What are the legal aspects?

6.1 None identified, given that a competitive tendering exercise was undertaken.

7. Monitoring officer Comments

7.1 This report raises no issues for the Monitoring Officer.

8. Background

- 8.1 In January 2016 Economy Scrutiny Committee received a report on the City Council's funding of free professional business advice and guidance to support the start up and early survival of small businesses and social enterprises in Exeter.
- 8.2 In order to sustain Exeter's economic strength, particularly as public sector employment declines and average wage levels remain low, it is important to encourage and support new business start ups to create new and better employment opportunities, and assist small businesses which are struggling.
- 8.3 With East Devon, Mid Devon and Teignbridge District Councils financially contributing to this contract, the City Council has been able to reduce its financial contribution from what was £42,000 to £25,000 per annum. The remaining budget of £17,000 has been used to appoint a new Inward Investment Officer.
- 8.4 Following a successful competitive tender process, Business Information Point (BIP) were appointed February 2016 to run the Exeter & Heart of Devon Business Support & Advice Contract from the April 2016 for 12 months. Exeter & Heart of Devon Business Support & Advice was deemed to be a too unwieldy name for the service, so following consultation with the business community it was agreed to change the name to Business Boost.
- 8.5 The range of advice and support offered by Business Boost has the main benefit of ensuring expertise is available across the city and its travel to work area and across a wide spectrum of business needs which encompasses support for pre-starts, start-ups, and existing businesses; from privately owned entities to social enterprises, co-operatives, and mutuals and spans smaller 'traditional' to innovative/high growth businesses.
- 8.6 As part of the City Council's contribution towards business support a range of other activity is also provided directly or in partnership with other organisations. These include:
- information for businesses on the City Council's website including the on-line Exeter Commercial Property Register
 - the Exeter Business Centre (Marsh Barton)
 - the retail shops leased by the Estate Services
 - partnership activities with the Exeter and the Heart of Devon Employment and Skills Board
 - Heart of the South West Local Enterprise Partnership business support through the Growth Hub
- 8.7 Provision across Exeter for pre-start business support is largely provided by fee charging providers. Some individuals:
- find the duration of support insufficient or the nature of it unsuitable
 - their business start-up needs are not being addressed
 - lack sufficient income to afford even a modest fee to pay for business support

9. Business Boost (Exeter & Heart of Devon Business Support)

- 9.1 Services funded by the City Council and offered under the banner of Business Boost deliver a range of intensive one to one support and are dependent on the client need, and includes the following:
- business viability evaluation

- business health check & recovery strategies to assist with finance and cash flow
- detailed financial analysis to help prepare strategies for survival
- marketing review, helping to develop strategies for growth
- provide detailed feedback on clients' draft submissions to various agencies and potential funders
- advice on changes to business structure, e.g. from sole trader to limited company
- independent business assessments for clients facing change
- provide reports for management on suggested priorities and remedial actions
- website, social media and marketing support

9.2 A range of marketing material has been developed to promote Business Boost, primarily to people who live and work in Exeter & the Heart of Devon:

- 5000 Business Boost leaflets printed and distributed to business centre, banks, Chambers of Commerce, Town Councils and organisations across the four local authority areas where individuals and businesses may seek advice
- Regular business support tweets from the Twitter account @BusinessBoost
- Updated copy on the City Council website <https://exeter.gov.uk/business/business-support/new-business-support/> and the dedicated Business Boost website: <http://businessboost.org.uk/>
- Four pull up banners to promote Business Boost have been produced used at business 2 business and networking events
- Business Boost business advisors attending a wide range of networking events across the area

9.3 The table below summarises the outputs secured from City Council funding over the previous 4 years, which was delivered by an alternative company:

Outputs secured from Council funding for business support	Apr 2012 – Mar 2013	Apr 2013 – Mar 2014	Apr 2014 – Mar 2015	April 2015 – Mar 2016
Pre-start businesses assisted	121	146	131	91
Small businesses assisted to start-up	22	26	21	24
Existing small businesses supported	33	29	25	33
Number of new businesses set up	36	40	38	37
Number of jobs created	41	48	48	41
Male	27	27	13	21
Female	14	21	35	20
Participants at workshops	207	136	0	71

9.4 The table below summarises the outputs secured against target from the Business Boost contract for the 8 months to the end of November 2016:

Business Boost outputs	Exeter actuals Apr – Nov 2016	Exeter Target Apr 2016 – Mar 2017	EHOD actuals Apr – Nov 2016	EHOD Target Apr 2016 – Mar 2017
Number of clients engaged with Business Boost	140	N/A	443	N/A
Male	66	N/A	196	N/A
Female	74	N/A	247	N/A
Pre-start business	50 clients	125 clients	135 clients	500 clients

assisted (yet to start trading)				
New businesses assisted (0-1 years trading)	35 clients	35 clients	89 clients	140 clients
Existing businesses assisted (1+ years trading)	7 clients	35 clients	40 clients	140 clients
Follow up meetings (following enquiry)	102	200	335	800
Number of new businesses set up	7	40	16	160
Number of new jobs created	7 FTE	60 FTE	18.5 FTE	240 FTE
Number of participants at Business Boost workshops	132	200	335	800

9.5 The targets set in the contract were strenuous but deemed to be achievable as BIP were already operating and providing business advice and support in East Devon and Mid Devon. After a very slow start outputs have started to increase.

9.6 The website promoting Business Boost <http://businessboost.org.uk/> has been up and running since June 2016 and is slowly starting to gain traction.

Top 5 referral websites	Top search queries	Most popular website pages
East Devon District Council	Business boost	Home page
Facebook	businessboost	Workshops
BIP	Business workshops	Support & Digital Mentoring
Heart of the SW Growth Hub	Boost business	Contact us
Cosmic		

10. Proposals

10.1 As agreed by Leaders and Portfolio Holders of the four Local Authorities in the shared economic strategy, which is the subject of a report to this committee, the workload associated to the four key areas of Economic Development will be divided between the four local authorities:

- Exeter City Council will lead on Inward Investment and Relocation Enquiries
- Mid Devon District Council will lead on Business Support
- East Devon District Council will lead on Strategic Planning
- Teignbridge will lead on Employment and Skills

10.2 Going forward, Mid Devon District Council will be leading on business support and the Business Boost contract, in consultation with the three other local authority partners. Officers at Mid Devon District Council have engaged with their Legal and Procurement teams with a view to advertising a new contract in the New Year.

10.3 In order to secure best value for the four local authorities, the existing contract will be retendered in order to deliver payment by results, rather than a set annual fee, with a maximum budget of up to £100,000.

10.4 It is proposed that the following types of small business clients are supported within the new contract going forward:

- pre-starts not supported or eligible for assistance with other providers
- start-ups (0 – 2 years of age)
- those which are struggling to survive but have the potential to grow and are unable to afford fees charged by other providers (0 – 5 years of age)
- Existing businesses with growth potential but are not eligible for the new Growth Hub programme

10.5 The level of demand for business advice offered by the City Council and its success in creating and sustaining new businesses and jobs, particularly in the economic climate, warrant its continuation. In the ongoing difficult economic circumstances, self employment or new business formation remains an important option for some individuals to improve their financial position. One to one and face to face business support sessions should still be provided for clients.

10.6 A £100,000 combined contract, which is currently being drawn up for tender by Mid Devon District Council, will be awarded April 2017 and will be for one year in length. During 2017 the contract will be reviewed on a quarterly basis by all four local authority partners, with a view to retendering in April 2018.

10.7 Discussions are ongoing with providers of alternative business support in Exeter and the Heart of Devon to discuss partnership working going forward, to avoid duplication and confusion.

10.8 Innovation Exeter is currently researching the type and level of business support available for high growth technology and knowledge based businesses located in the city, with the potential of providing business support for these specialist businesses. This type of business support is currently not covered by Business Boost.

11. How does the decision contribute to the Council's Corporate Plan?

11.1 Business Boost contributes to 'Building a stronger sustainable city' and the main purpose of 'Help me run a successful business in Exeter' in promoting the city as a great place to do business and supporting the local economy and creating jobs.

12. What risks are there and how can they be reduced?

12.1 There could be the potential that a new supplier is not contracted by April 2017, the new contract will be promoted locally and nationally to ensure a suitable supplier is contracted. Once a new supplier is contracted, quarterly meetings will be held to ensure the contract is followed and adhered to.

13. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults; economy; safety and the environment?

13.1 Business support and advice is provided to residents and businesses of Exeter and the Heart of Devon free of charge regardless of race, age, gender or orientation. Business ownership promotes a more balanced and versatile economy.

14. Are there any other options?

- 14.1 There are a number of options available regarding the provision of business support and advice in Exeter:
- Exeter, East Devon, Mid Devon and Teignbridge District Councils revert to provide business support and advice individually at a higher cost to each local authority
 - Exeter, East Devon, Mid Devon and Teignbridge District Councils contribute different amounts towards business support and advice, in which case the contract will have to be adjusted to reflect proportions accordingly
 - Stop provision when the contract comes to an end in March 2017 and provide a signposting service to other providers covering Exeter leaving a gap in the nature of the provision
 - Stop provision completely when existing contract comes to an end in March 2017
- 14.2 Historically Exeter has had below average business start-up and business survival rates. Without dedicated support, business start-up and survival rates could fall in Exeter.

Maureen Gori de Murden, Inward Investment Manager
Victoria Hatfield, Economy & Enterprise Manager

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-
None

Contact for enquires:
Democratic Services (Committees)
Room 2.3 01392 265275