

REPORT TO: Economy Scrutiny Committee
Date of Meeting: 26 June 2014
Report of: Assistant Director Economy
Title: Social Enterprise Support Through Exeter Business Support

Is this a Key Decision?

Yes. Changes relating to Exeter Business Support is a key decision and is within the forward plan of key decisions.

Is this an Executive or Council Function?

Executive.

1. What is the report about?

1.1 To review current and planned support available for social enterprises in the city and to recommend a way forward for business support for social enterprises in the city.

2. Recommendations:

2.1 It is recommended that:

- i) the contract with The Fruit Tree for Business is not extended after 30 June 2014.
- ii) business advice, support and guidance for social enterprises will be delivered through the existing contract with Peninsula Innovations Limited.
- iii) Exeter Business Support work with other agencies providing alternative options for business support for social enterprises within the city, in signposting to them, or in helping individuals / organisations obtain appropriate advice.

3. Reasons for the recommendation:

- The original aim of developing and increasing the scale of this sector has been achieved over the 4 years direct funding support has been provided to date
- Social enterprise support can be delivered through Peninsula Innovations Limited who currently deliver generic business support and guidance under the banner of Exeter Business Support
- The level of alternative business support now available for social enterprises in Exeter has improved

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

4.1 The annual cost to the City Council to fund social enterprise support is £25,000, with some staff time to monitor the annual contract. The continuation of social enterprise support being delivered by Peninsula Innovations Limited (under their existing contract) is already fully funded from the Economic Initiatives budget.

5. Section 151 Officer comments:

5.1 The proposal set out is fully funded within existing budgets and therefore causes no financial variation to the Council.

6. What are the legal aspects?

6.1 Depending on the size of the contract, consideration as to whether a tendering exercise is required is necessary.

7. Monitoring Officer's comments:

7.1 The Monitoring Officer has not seen any of the contracts referred to in this report and is therefore unable to comment as to whether there are any contractual or procurement issues.

8. Report details:

- 8.1 Exeter Business Support provides free professional and unbiased business support, advice and guidance to assist in the start up and early survival of businesses in Exeter. It is a partnership consisting of Peninsula Innovations Limited (PIL), Exeter City Council and The Fruit Tree for Business. The Fruit Tree for Business are contracted to deliver support to new or existing social enterprises in the city. Social Enterprise support was added to the range of support available in April 2010, with the aim of developing social enterprises in Exeter as a valuable alternative business model with the potential to create employment.
- 8.2 Continuing generic business support for the next 12 months (April 2014 – March 2015) was supported at Economy Scrutiny Committee 16 January 2014. The recommendation of discontinuing specific support for social enterprises was questioned and members requested that this be investigated further including alternative funding streams. The contract with The Fruit Tree for Business was extended until the end of June 2014 to allow time for a further review.

8.3 The Fruit Tree for Business

To assist in the review of support for social enterprises The Fruit Tree for Business has provided a detailed breakdown of support provided over the period of their four year contract. The table below summarises outputs secured, turnover and additional funds levered for the four years of their contract.

	April 2010 – March 2011	April 2011 – March 2012	April 2012 – March 2013	April 2013 – March 2014
Total number of enquiries received through Exeter Business Support for social enterprises	65	80	97	76
Number of social enterprises that have received advice through Exeter Business Support	41	38	50	51
Number of social enterprises that Exeter Business Support have helped set up	10	8	8	6
Number of social enterprise jobs initially created through the businesses helped to set up	14.9	9.6	4.6	3.3
Number of additional social enterprise jobs created through the businesses helped to set up	1	4.5	0	N/A
Anticipated first year turnover of businesses help set up	£667,200	£386,000	£211,975	£173,200
Actual first year turnover	£396,013	£220,145	£73,444	N/A

Actual second year turnover	£352,947	£355,071	N/A	N/A
Actual third year turnover	£361,500	N/A	N/A	N/A
Total actual turnover	£1,110,460	£575,216	£73,444	N/A
Additional funding leveraged	£4,572	£80,600	£3,000	£12,375
Number of social enterprises help start up and assisted that are still trading	5	5	5	5

8.4 The table shows that over the four year period:

- 180 social enterprises received advice
- From the above, 32 social enterprises were set up which created 37.9 jobs with a combined turnover of £1,859,667

8.5 Of the 32 social enterprises assisted to help set up, 10 are no longer trading, with 2 unknown if they are still trading and 1 moved out of Exeter. It can be confirmed that 19 businesses have been set up and based in Exeter as a result of the support.

8.6 Of the 37.9 jobs created, 11.5 are no longer employed, 3 jobs are unknown and 0.1 jobs has moved away. It can be confirmed that 23.3 jobs have been created in Exeter as a result of the City Council support for social enterprises.

8.7 **Alternative funding streams**

A recommendation from Economy Scrutiny Committee 6 March 2014 was to discuss with neighbouring local authorities the merit in combining business support activities. East Devon District Council and Teignbridge District Council were contacted to consider combining of services and future joint funding of Exeter Business Support and both local authorities declined. Funding was also sought from Nesta (Rethinking Parks) and DCLG (Delivering Differently), specifically for social enterprise business support, but both applications were unsuccessful. Feedback was not received as to why the application was unsuccessful.

8.8 Changes and reductions in public sector funding will undoubtedly affect the future delivery of public sector services. If the alternative model of service delivery through a social enterprise or similar organisational structure is to be pursued, support for their development will be sought from that service area.

8.9 **Exeter Business Support Client Survey**

In order to ascertain the quality of service received by Exeter Business Support, South West Research Company was appointed to undertake an independent survey of previous clients.

8.10 The purpose of undertaking the survey is to improve the current level of service provided by Exeter Business Support. Information provided is confidential with no individuals being identified in the final research findings. The opinion of clients was sought on:

- The different types and levels of business support available through Exeter Business Support
- The impact on their business of using Exeter Business Support
- What barriers they experienced in setting up a new business
- What type of advice and support clients would like to receive from Exeter Business Support in the future

- 8.11 Clients (860 in total) from the previous four years of Exeter Business Support were sent an email with a link to an online survey to complete. In total, 80 responded with some clients showing that they were receiving advice from a number of sources. The results of the survey will be discussed with the business advisors and a detailed analysis of the final report will be used to improve the type and level of advice, guidance and business support offered to the residents of the city. A summary of the results of the survey can be found in Appendix 1.
- 8.12 Over half of the respondents (53%) received general business advice and support, 29% through the Innovation Centre, 25% through The Fruit Tree for Business and 4% could not remember. People access Exeter Business Support due to it being free, trustworthy and from a personal recommendation. Overall, the main difficulty clients had were in accessing finance to set up and run their business and how to market their business to gain more customers.
- 8.13 Of those that used the services of Fruit Tree For Business:
- 50% used the service 2 – 5 times
 - 55% set up a new business
 - 90% stated the quality of the information provided was very good
 - 60% stated ongoing support provided was very good
 - 100% would recommend Exeter Business Support to others
 - 90% are white
 - 65% are female
 - 50% are aged between 35 – 54 years old
 - 95% do not consider themselves having a disability
 - 65% stated the overall quality of the service was very good
- 8.14 The results show clients used Fruit Tree For Business a number of times, for a variety of reasons and overall they received a positive service. The results of the client survey are very encouraging and paint a positive picture of the type and level of service offered by Fruit Tree For Business. However, there is little evidence for continuing City Council funding for specific support to grow this sector. The original intention of the initiative has largely been achieved and the level of support now required by the sector can be provided elsewhere.
- 8.15 **Support for social enterprises in Exeter**
Information on the extent of business support available for social enterprises in Exeter has been researched and updated and is shown in Appendix 2.

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

- 9.1 The provision of Exeter Business Support directly contributes to the purpose of '*Help me run a successful business*' and the action of '*Provide free professional advice to small start up businesses and social enterprises and help existing ones grow*'. With social enterprise support continuing at an appropriate level, the above purpose and action will still be pursued.

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

- 10.1 Previous clients of The Fruit Tree for Business will be provided with the contact details of the existing business support adviser to ensure they receive ongoing support and are assisted in the running of their business, or signposted to other forms of support.
- 10.2 The business support adviser will engage will ESSENCE, the Exeter Chamber of Trade and Commerce working group supporting social enterprises; the Heart of the South West Local Enterprise Partnership supported programme, the Devon Work Hub, Dartington School for Social Enterprises and the new facility in Exeter Library to ensure that individuals and

businesses are made aware that support for social enterprises is accessible through Exeter Business Support.

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

11.1 With support for social enterprises continuing the impact on the business community and residents of Exeter will be limited. If there is the need to establish a social enterprise as an alternative approach to service delivery, as a result of the City Council's transformational programme of its services, relevant specialist advice will be sought on a case by case basis.

12. Are there any other options?

- Support for social enterprises is stopped completely
- Support for social enterprises is extended with the current supplier (The Fruit Tree for Business)
- An alternative supplier of support for social enterprises is sought through a tendering process
- An alternative supplier provides social enterprise support, at no cost to Exeter City Council

Victoria Hatfield, Economy & Tourism Manager

Richard Ball, Assistant Director Economy

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

Scrutiny Committee Economy – 16 January 2014

Scrutiny Committee Economy – 6 March 2014

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265115

Appendix 1 - Exeter Business Support client survey – summary of results

Where possible, figures have been broken down for all respondents and for The Fruit Tree For Business clients.

Who did you receive business support and advice through Exeter Business Support?

	Overall
Innovation Centre	29%
Generic business support	53%
The Fruit Tree for Business	25%
Don't know / cannot remember	4%

How many times have you used the services of Exeter Business Support?

	Overall	FTfB
Once	30%	30%
2 – 5 time	39%	50%
6 – 10 times	17%	15%
10+ times	11%	5%
Never	3%	0

How did you find out about Exeter Business Support?

General internet search / JobCentre / Innovation Centre / Local bank / Recommendation / ECC website

Why did you use the services of Exeter Business Support?

General business advice / became redundant / It was free / Trusted source / Help to become self-employed

Please rate the following services offered by Exeter Business Support

Overall	V. Good	Good	Satisfactory	Poor	V. Poor	Don't know/didn't use
General advice on setting up a new business	46%	29%	5%	1%	4%	15%
Coaching and mentoring	40%	30%	8%	1%	5%	16%
Business planning	45%	23%	9%	-	6%	18%
Finance	21%	24%	14%	3%	5%	34%
Marketing	18%	28%	14%	3%	6%	33%
Employing staff	9%	8%	9%	3%	4%	69
Legal	14%	14%	14%	1%	4%	54%

FTfB	V. Good	Good	Satisfactory	Poor	V. Poor	Don't know/didn't use
General advice on setting up a new business	60%	10%	5%	1%	0	25%
Coaching and mentoring	50%	25%	10%	0%	0	15%
Business planning	50%	15%	10%	0%	0	25%
Finance	25%	20%	5%	5%	0	45%
Marketing	15%	25%	15%	5%	0	40%
Employing staff	10%	5%	5%	0%	0	80%
Legal	15%	20%	10%	0%	0	55%

Please rate the performance of Exeter Business Support in the following areas

Overall	V. Good	Good	Satisfactory	Poor	V. Poor	Don't know/didn't use
Speed of response	50%	34%	8%	3%	3%	4%
Relevance of information received	49%	35%	11%	-	1%	4%
Quality of information received	54%	29%	11%	-	1%	5%
On-going support provided	44%	30%	3%	5%	3%	16%
EBS website	8%	15%	16%	4%	3%	55%
Promotion of EBS in Exeter	4%	14%	15%	9%	6	53%
Overall quality of service provided	48%	36%	8%	4%	4%	1%

FTfB	V. Good	Good	Satisfactory	Poor	V. Poor	Don't know/didn't use
Speed of response	75%	20%	0	0	0	5%
Relevance of information received	85%	10%	5%	0	0	0
Quality of information received	90%	10%	0	0	0	0
On-going support provided	60%	25%	0	5%	0	10%
EBS website	10%	5%	5%	0	0	80%
Promotion of EBS in Exeter	0	20%	5%	5%	0	70%
Overall quality of service provided	65%	30%	5%	0	0	0

How could we improve our service for people wishing to set up a new business in Exeter?

Advertise services more / supply funding / More visible throughout the city / Speed up response times / Expand website / Permanent city centre office / Don't cut

How could we improve our service for people running their business in Exeter?

More interaction and follow-up / greater marketing advice / accelerator courses / greater networking opportunities

What did Exeter Business Support do well?

Advice & mentoring / sharing their expertise / 1:1 support / easy to understand / knowledgeable / they listened

Would you recommend Exeter Business Support to others?

	Overall	FTfB
Yes	91%	100%
No	9%	0%

Please provide details of any difficulties experienced when.....?

Setting up your business.....

Access to finance & lack of grants / building a website / defining the USP & idea / Legal implications & complexities / finding affordable premises / accountancy

Running your business.....

Access to finance / maintaining my website / lack of time for marketing / managing own time

Searching for business finance.....

Lack of bank finance / forecasting cashflow & growth / who to contact / unaware of options

Accessing business finance.....

Bank uninterested / length of time to access finance / refused bank loan / lack of public sector grants/finance

Searching for suitable commercial premises.....

Very hard! / finding affordable rentable properties

What is your ethnic background?

	Overall	FTfB
White	88%	90%
Black or Black British	4%	0%
Asian or Asian British	3%	0%
Mixed Race	3%	5%
Other ethnic group	3%	5%

Do you identify as...

	Overall	FTfB
Male	48%	35%
Female	52%	65%

What was your age last birthday?

	Overall	FTfB
16 – 25	14%	0
26 – 34	10%	6%
35 – 44	20%	22%
45 – 54	34%	28%
55 – 64	17%	33%
65+	4%	11%

Do you consider yourself to be a person with a disability?

	Overall	FTfB
Yes	9%	5%
No	91%	95%

Appendix 2 - support for social enterprises in Exeter

Organisation	Social enterprise support available	Free of charge / Paid
Devon County Council (Exeter Library)	<p>FabLab Devon – enables innovation and prototyping of products by providing access to tools for digital fabrication, commercial activities can be prototyped and incubated.</p> <p>Limited business support and information, open to all types of business</p>	<p>Charge for use of Fab Lab</p> <p>Free of charge</p>
Devon Work Hub	1-2-1 business advice and support available to all types of business, vouchers available for further specialist business support and diagnostics	Tenants of the Work Hub can access business support free of charge
<p>Heart of the South West Local Enterprise Partnership</p> <p>www.business-supportsw.com</p> <p>www.GaininBusiness.com</p>	<p>Primarily a rural programme, but if a business accesses Exeter Library or the Devon Work Hub then can access this support</p> <p>Digital Exchange website with face to face business advice and support.</p> <p>No restrictions on the type of business able to access this support</p>	<p>Free of charge until end Dec 2015</p> <p>Free of charge</p>
Dartington School for Social Entrepreneurs	Provides training and opportunities that enable people with entrepreneurial ideas to achieve positive change in their communities	Paid for training and courses
<p>England Business Support helpline</p> <p>www.gov.uk/starting-up-a-business</p>	Generic business support	One hour free of charge telephone business support
Exeter College	Generic business training courses	Paid for 4 wk course Setting up your Own Business - £46
Federation of Small Businesses	Not applicable	Not applicable
University of Exeter (Peninsula Innovations)	Only available to high growth companies through the Innovation Centre, ExIST or University of Exeter students	Limited free of charge business support and workshops available

Organisation	Social enterprise support available	Free of charge / Paid
Exeter CVS	<p>Early stage development of community groups and enterprises to determine company structure towards a social enterprise / community interest company</p> <p>Training opportunities through Devon Live (funding portal)</p>	Currently free of charge, moving towards a paid for service
Women's Development Unlimited	Business coaching and personal development for women.	<p>Free taster sessions</p> <p>Fast Track Coaching programme - £225</p> <p>Business Action Group - £245</p> <p>Fast Track 4 Growth - £50 & £125</p>
Gain - Growth Accelerator	Not applicable	Paid for service
Exeter Chamber of Trade & Commerce - ESSENCE	ESSENCE is a working group of the Chamber of Commerce and is a network for social enterprises and co-operatives based within the city	Attendance is free of charge for first meeting attended. Businesses are then required to pay for membership of the Chamber to access meetings
Fruit Tree for Business	Provide a full range of business advice and support to small businesses who specialise in social enterprise and co-operatives	Paid for service (out of City Council funded programme)
Business West	Programme available for traditional business and social enterprises. Monthly introductory workshops held in Exeter	Initial free start up advice ran in conjunction with Barclays, with free monthly workshops. Further support is a paid for service
Business Advice Service (BAS) Chartered Institute of Accountants www.icaew.com	25 firms in Exeter provide an initial free consultation from an ICAEW Chartered Accountant. Guidance documents on setting up and running a social enterprise available from their website	Initial free of charge consultation. Charges then dependant if an accountant is appointed
www.socialenterprise.org.uk	Guidance documents on setting up and running a social enterprise available from their website.	Limited support free of charge. A paid for in-depth consultancy service available