

REPORT TO: SCRUTINY ECONOMY COMMITTEE
Date of Meeting: 22 January 2015
REPORT TO: EXECUTIVE
Date of Meeting: 27 January 2015
Report of: Economy & Tourism Manager
Title: Annual Review of 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 Scrutiny Economy Committee as to the progress made in supporting businesses through Exeter Business Support and the Exeter Pop Up Shop.
- 1.2 To update Scrutiny Economy Committee on the progress made in renewing the contract for this service.

2. Recommendations:

- 2.1 That Scrutiny Committee supports the City Council in continuing to fund business support for embryonic, new and existing businesses to provide opportunities for individuals to secure the means of improving their financial position and promoting job creation, at a cost of £42,000.
- 2.2 Officers within Economy be authorised to negotiate a service level agreement for 2015 – 2016, following a contract advertisement, for the continued delivery of services outlined in this report under the banner of Exeter Business Support.

3. Reasons for the recommendation:

- 3.1 To ensure that there is fit for purpose business support, advice and guidance for the residents of the city to gain free advice and guidance on setting up a new business, and improving the prospects of an existing business. Without a dedicated support, business start-up and survival rates could fall in Exeter.

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

- 4.1 £42,000 per annum and officer time to manage the contract.

5. Section 151 Officer comments:

- 5.1 The £42,000, set out in section 4.1, is already contained within the Economy budget and there are therefore no additional financial commitments for the Council are contained within this report.

6. What are the legal aspects?

- 6.1 Please refer to section 11.2 for legal aspects.

7. Monitoring officer Comments

- 7.1 The Economy team must have in place a clear and transparent Policy to determine how each application for funding will be dealt with and this Policy must include the minimum criteria necessary in order to qualify to apply for such financial support.

8. Background

- 8.1 In January 2014 Economy Scrutiny Committee received a report on the City Council's funding of free professional 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 Exeter Business Support is currently managed by Peninsula Innovations Limited (PIL), who are responsible for the management of the University of Exeter's Innovation Centre.
- 8.4 The contract providing social enterprise support through the Fruit Tree for Business ceased at the end of June 2014. This type of business support was picked up by PIL in July.
- 8.5 The range of advice offered by Exeter Business Support has the main benefit of ensuring expertise is available in the city 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. The City Council funded element is aimed primarily at the smaller more traditional end of the spectrum, plus social enterprises. The Innovation Centre focuses on the more technically specialised business proposals.
- 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 Plymouth City Deal
- 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 not being addressed
 - lack sufficient income to afford even a modest fee to pay for business support

8.8 The local and national landscape of business support provision continues to change which becomes very confusing to referral agencies and clients. Provision of business support services by other organisations in Exeter has been summarised within Appendix 1.

9. Exeter Business Support

9.1 Services funded by the City Council and offered under the banner of Exeter Business Support 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

9.2 A range of marketing material has been developed to promote Exeter Business Support, primarily to people who live and work in Exeter:

- 1000 Exeter business support leaflets printed and distributed to business centre, banks and organisations across the city where businesses may seek advice
- Regular business support tweets from the Twitter account @ExeBusSupport
- Updated copy on the City Council website www.exeter.gov.uk/support
- Pull up banner to promote Exeter Business Support has been used at business 2 business and networking events

9.3 The table below summarises the outputs secured from City Council funding over the previous 4 years through the contract with PIL:

Outputs secured from Council funding for business support	Apr 2011 – Mar 2012	Apr 2012 – Mar 2013	Apr 2013 – Mar 2014	Apr 2014 – Nov 2014	Target 2015 – 2016
Traditional businesses supported					
Pre-start businesses assisted	159	121	146	96	130
Small businesses assisted to start-up	45	22	26	14	35
Existing small businesses supported	51	33	29	21	35
Number of new businesses set up	49	36	40	30	40
Number of jobs created	49FTE	41FTE	48	37	60FTE
Male	25	27	27	27	n/a
Female	18	14	21	10	n/a
Participants at workshops	224	207	136	0	200

10. Exeter Pop-Up shop

- 10.1 Due to the low level of vacant units and the demand for and cost of leasing prime retail units within the city, it is difficult for a new small start up retail business to set up in the city. A number of Exeter Business Support clients (and non clients) expressed an interest in opening up a retail unit within the city.
- 10.2 'Exeter Pop-Up' was created to assist clients of Exeter Business Support to open a retail unit. A number of vacant properties from the City Council's estate portfolio have been occupied through the 'Exeter Pop-Up' scheme.
- 10.3 For businesses to use the 'Exeter Pop-Up' shop the following conditions are applied:
- A business must be a registered client of Exeter Business Support
 - The minimum rental period will be one month, with a maximum tenure of 3 months. No return for 3 months
 - The rent will be an all inclusive cost
 - Start up businesses must submit a 12 month business plan and forecast with their application before approval can be agreed
 - All applicants for an Exeter Pop Up space must be a resident in or near Exeter, proof of residency will be required
 - No charities, institutions or good cause organisations are able to apply for an Exeter Pop Up space
 - Up to 4 businesses are allowed to trade within the 'Exeter Pop-Up' shop, with basic costs being covered through rent collected.
- 10.4 The Exeter Pop Up shop has been operating in four units in South Street since September 2014 with 6 start-up businesses taking space. They range from a clothing retailer to a gallery and café. One business is now strong enough to trade commercially and have rented space on Fore Street. It is too early to know whether the remaining will become permanent retailers. To date, the Exeter Pop Up shop has created 4 jobs.

11. Proposals

- 11.1 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 business support sessions should still be provided for clients.
- 11.2 The Exeter Business Support Contract for 2015/2016 was advertised on the City Council website from the 8 December 2014 – 5 January 2015, followed by interviews on the 13 January. The successful provider will be awarded the contract in February for commencement 1 April 2015. An update will be provided to March Scrutiny Economy Committee.
- 11.3 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)

- those with growth potential but are not eligible for the Growth Accelerator programme or cannot afford the fees

12. Future Position

- 12.1 The new contract, which is currently out for quotes, will be awarded April 2015 and will be for one year in length.
- 12.2 During 2015 the contract will be reviewed and consideration given to joint authority working creating a larger fund to provide business support across a wider area for April 2016.

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

- 13.1 Exeter Business Support 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.

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

- 14.1 Limited risk arising from this activity.

15. 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?

- 15.1 Business support is provided to residents and businesses of Exeter free of charge regardless of race, age, gender or orientation. Business ownership promotes a more balanced and versatile economy.

16. Are there any other options?

- 16.1 There are a number of options available regarding the provision of business support in Exeter:
- Expand existing business support provision to cover Exeter, East Devon, Teignbridge with pooled contributions from the three local authorities
 - Existing contract to cover Exeter, East Devon and Teignbridge with same level of funding with contributions from the other authorities, reducing the City Councils contribution
 - Exeter to join East Devon and Mid Devon and contribute to BIP, an enterprise agency based in Okehampton providing business support provision
 - Stop provision when the contract comes to an end in March 2016 and provide a signposting service to other providers (in Appendix 1) covering Exeter leaving a gap in the nature of the provision
 - Stop provision completely when existing contract comes to an end in March 2015
- 16.2 Historically Exeter has had below average business start-up and business survival rates. As can be seen in Appendix 1, the majority of business support provision in Exeter is fee paying, which the vast amount of start-ups cannot afford. Without dedicated support, business start-up and survival rates could fall in Exeter.

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

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Summary of Business Support Services in Exeter

Appendix 1

Provision of business support in Exeter – type of enterprise assisted								
Provider	Pre- Start	Start-up	Existing	Technology	Hi Growth	Social Enterprise	Co-ops	Social Business/ Entrepreneurs
1. BAS (Chartered Institute of Accountants)	√	√	√	√	√	√	√	√
Notes and limitations to the service	Initial free business advice session from a member of ICAEW; charges are dependent upon the individual accountant.							
2. Business West	√	√	√	√	√	√	√	√
Notes and limitations to the service	<p>The programme started in April 2012, and is a 3 year programme part-funded by the Regional Growth Fund, ending in March 2015.</p> <p>Monthly Ready for Business pre-start workshops are held in Exeter free of charge; a free business diagnostic is offered for all attendees to work out how viable their business idea is and to see if the programme might be supportive for them in getting started and securing funding. Follow up courses are charged for.</p>							

Provision of business support in Exeter – type of enterprise assisted								
Provider	Pre- Start	Start-up	Existing	Technology	Hi Growth	Social Enterprise	Co-ops	Social Business/ Entrepreneurs
3. Exeter Business Support	√	√	√	√	√	√	√	√
Notes and limitations to the service	Unique provider of services to all clients regardless of status - job clubs/enterprise clubs being run successfully by the business advisor							
4. Peninsula Innovations Ltd (PIL)	√	√	√	√	√	√		√
Notes and limitations to the service	Service only available to high growth potential companies through the Innovation Centre, ExIST, or to University student entrepreneurs							
5. PRIME	√	√						
Notes and limitations to the service	Support for people aged 50 years and over. Currently, support is principally provided via on-line information on PRIME's website if they are eligible for support and have registered – see www.prime.org.uk .							

Provision of business support in Exeter – type of enterprise assisted								
Provider	Pre- Start	Start-up	Existing	Technology	Hi Growth	Social Enterprise	Co-ops	Social Business/ Entrepreneurs
6. Growth Accelerator		√	√	√	√			
Notes and limitations to the service	<p>The service provides no free support. To be eligible for support there must be high growth potential (20% growth). The offer is up to 7 days worth of business coaching supported by a programme of workshops and master classes. The investment for companies who wish to participate ranges from £600 for a business with up to 9 employees, £1,500 for a business with 10-49 staff, to £3,000 for a business with 50-249 staff.</p> <p>Each coaching intervention could last anywhere between 4 – 12 months depending on the needs of the business and their schedule. Leadership and management funding (up to £2,000 of match funded support for each person on the senior management team), an Intellectual Property (IP) Audit and a discounted membership with the Institute of Directors is part of the coaching offer. Several of these companies have already taken advantage of the IP Audit (worth £3,000) and the Leadership & Management support.</p> <p>Growth Accelerator works alongside other business support providers including UK Trade & Investment (UKTI) and the Manufacturing Advisory Service (MAS). If the business is not looking to achieve high growth then Growth Accelerator programme cannot support them. In those cases, the service looks to refer them to other providers who may be able to help them.</p>							

Provision of business support in Exeter – type of enterprise assisted								
Provider	Pre- Start	Start-up	Existing	Technology	Hi Growth	Social Enterprise	Co-ops	Social Business/ Entrepreneurs
7. Princes Trust	√	√						
Notes/Limitations to Service	For 18-30 year olds only who are currently unemployed.							
8. West Devon BIP	√	√	√	√	√			
Notes and limitations to the service	<p>New Enterprise Allowance (NEA) scheme is now open to anyone signing on for JSA from day one; this includes the financial support to start up). Support duration: mentor support for NEA clients while they complete their business plan and ongoing mentor support once trading for a further 6 months. Thereafter, no support is free.</p> <p>Fees are charged post 6 month mentoring support for NEA clients; Advice 6 x 1hr sessions £400; Business Planning course 5 days @ £2,500</p>							
9. Thrive Business Hubs								
Notes and limitations to the service	Being launched at Dean Clarke House in the coming months – details yet to be released							

Provision of business support in Exeter – type of enterprise assisted								
Provider	Pre- Start	Start-up	Existing	Technology	Hi Growth	Social Enterprise	Co-ops	Social Business/ Entrepreneurs
10. Women's Development Unlimited	√	√	√			√	√	√
Notes and limitations to the service	Range of courses of personal development / business coaching for women. The only funding they have to deliver services in Exeter is "Fast Track for Growth".							
11. Local Enterprise Partnership								
Notes and limitations to the service	Not a delivery organisation but has priority sectors (Marine, Advanced Manufacturing, Social Enterprise) that it is looking to support in the future							
12. GAIN	√	√	√	√	√	√	√	√
Notes and limitations to the service	Provide coordination and signposting / referral to all business support activities whether provided by national programmes, regional or local publicly supported projects / private sector.							

Provision of business support in Exeter – type of enterprise assisted								
Provider	Pre- Start	Start-up	Existing	Technology	Hi Growth	Social Enterprise	Co-ops	Social Business/ Entrepreneurs
13. DCC / Enterprising Libraries / Fab Lab	√	√	√					
Notes and limitations to the service	Trained library staff providing very limited business advice and support. Not currently providing support for Exeter because of existing EBS provision – this could be reviewed should EBS provision cease.							
14. Dartington School for Social Enterprise						√	√	√
Notes and limitations to the service	Provides training and opportunities that enable people with entrepreneurial ideas to achieve positive change in their community							
15. Business Doctors Exeter & Devon			√	√	√	√	√	√
Notes and limitations	Business support network helping small and medium sized businesses. Free business health check followed by a paying service.							

Provision of business support in Exeter – type of enterprise assisted								
Provider	Pre- Start	Start-up	Existing	Technology	Hi Growth	Social Enterprise	Co-ops	Social Business/ Entrepreneurs
16. Fruit Tree for Business			√	√	√	√	√	√
Notes and limitations to the service	Provide paying business advice to small businesses, social enterprises and co-operatives.							
17. Thompson Jenner LLP	√	√	√	√	√			
Notes and limitations to the service	Provide free online guides to registered business users. Free initial meeting followed by paying services for business: audit, accountancy, tax, corporate finance, business planning, payroll, IT business solutions and wealth building.							
18. Cartridges Business Hub	√	√	√	√	√	√	√	√
Notes and limitations to the service	Paying, one stop shop for the full range of legal and business support services provided in collaboration with other local businesses: legal, accountancy, HR, business training, finance, banking, insurance, IT, H&S, web design and marketing. Have expressed an interest in providing social enterprise support.							

Provision of business support in Exeter – type of enterprise assisted								
Provider	Pre- Start	Start-up	Existing	Technology	Hi Growth	Social Enterprise	Co-ops	Social Business/ Entrepreneurs
19. IBD Business Advice Group	√	√	√	√	√			
Notes and limitations to the service	Cover business advice for start ups, growing businesses, problems in your business, exiting a business, mentoring. Free initial 2 hour meeting followed by a paying service: £250 for mentoring or £800 for four 2 hour meetings. Business adviser based in Exeter.							