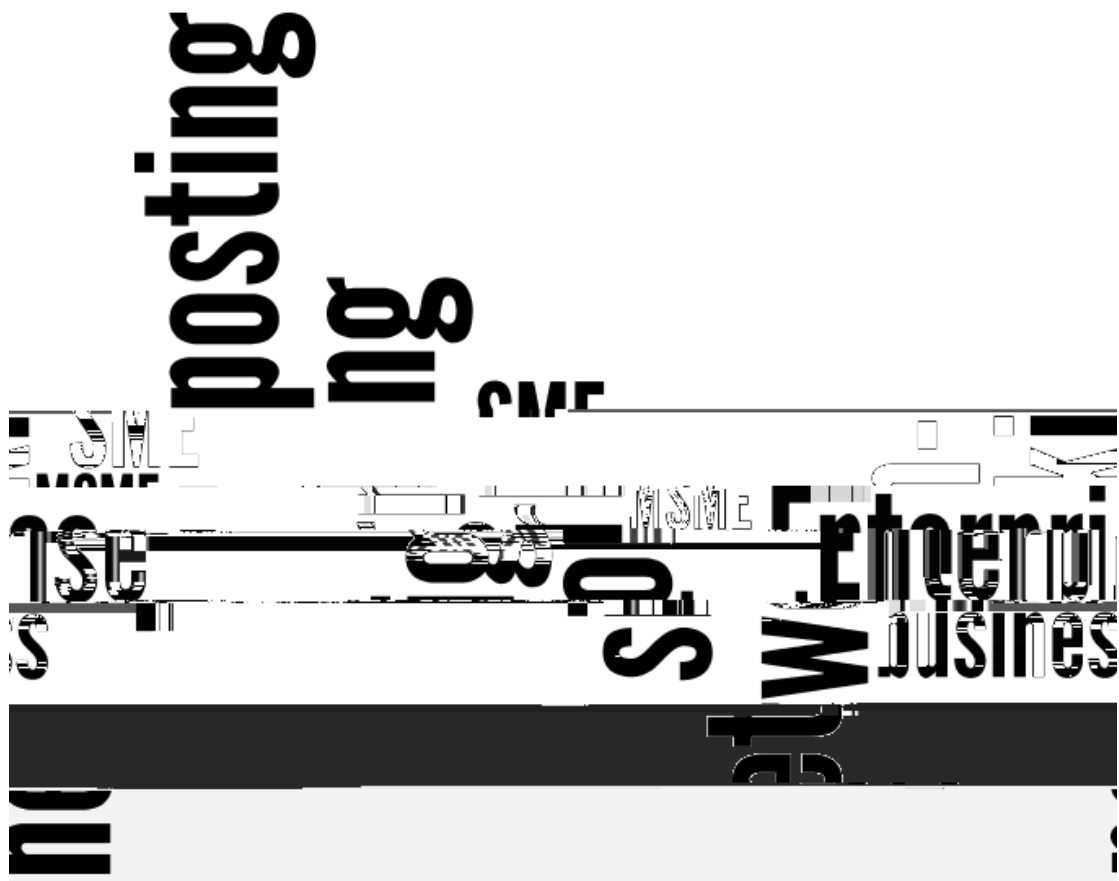


# Business Support: Micro, Small and Medium Enterprises



A report from Overview & Scrutiny





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# Business Support: Micro, Small and Medium Enterprises

Further information regarding this report can be obtained from:

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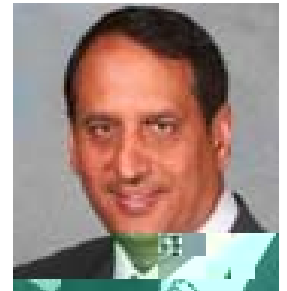
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Reports that have been submitted to Council can be downloaded from  
[www.birmingham.gov.uk/scrutiny](http://www.birmingham.gov.uk/scrutiny).

# Preface

By Cllr Zafar Iqbal, Chair of the Birmingham Economy & Jobs O&S Committee



This Inquiry has focused on a critical part of our business infrastructure – business support to micro, small and medium enterprises.

Over the years, the business support landscape has significantly changed, leaving some confusion and mistrust of different schemes as they come and go.

We found evidence that a lack of awareness, or reluctance to use, advice and guidance is a constraint on our growth and entrepreneurialism. Addressing this – particularly through the simplification and co-ordination of business support – is important to the city's future growth.

One of the key findings was that better signposting is needed. Towards the end of our evidence gathering it was announced that this has been recognised by both the Leader of the City Council and by the Greater Birmingham Chambers of Commerce, in the proposal for a "sign-posting scenario" to be worked up between the Chamber and the City Council. This is to be welcomed, and the intention of this report is to feed into that process and help shape the emerging service. In particular we wish to draw attention to the need for more collaborative working across the public and private sector.

My thanks go to the Committee for all their hard work on this Inquiry, and in particular to Cllr Ian Cruise, who led the early sessions of the evidence gathering for this inquiry. I would also like to thank the witnesses who gave their time and expertise.

A handwritten signature in black ink, appearing to read 'Zafar Iqbal'. The signature is stylized and written in a cursive script.



## Summary of Recommendations

	Recommendation	Responsibility	Completion Date
R01	That a register of all business support available to Birmingham business is published and kept up to date.	Cabinet Member Development, Jobs & Skills	October 2014
R02	That a report is submitted to this Committee on the forthcoming work on sign-posting for Micro, Small and Medium Enterprises (MSMEs), in particular setting out: <ul style="list-style-type: none"> <li>• How long term stability of provision will be achieved</li> <li>• The aims of the service and the measures of success that should be achieved;</li> <li>• How more proactive help will form a part of the service, in particular with regard to assisting business to diagnose their own needs</li> <li>• How relevant organisations, such as the Greater Birmingham &amp; Solihull Local Enterprise Partnership (GBSLEP), those within the Business Hub and Business Insight, will be involved.</li> </ul>	Cabinet Member Development, Jobs & Skills	October 2014
R03	That active consideration is given to the benefits of a pro-active strategy to encourage businesses to engage with the new service in key areas. Again, working with partners such as the GBSLEP should form part of this work.	Cabinet Member Development, Jobs & Skills	October 2014

	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R07</b>	That the City Council considers the tools it has to help Micro, Small and Medium Enterprise (MSMEs) further, and report back to this Committee on lessons being learned in the Enterprise Zone and Economic Areas.	Cabinet Member Development, Jobs & Skills	October 2014
<b>R08</b>	Progress towards achievement of these recommendations should be reported to the Birmingham Economy & Jobs Overview and Scrutiny Committee no later than December 2014. Subsequent progress reports will be scheduled by the Committee thereafter, until all recommendations are implemented.	Cabinet Member Development, Jobs & Skills	December 2014



## Glossary

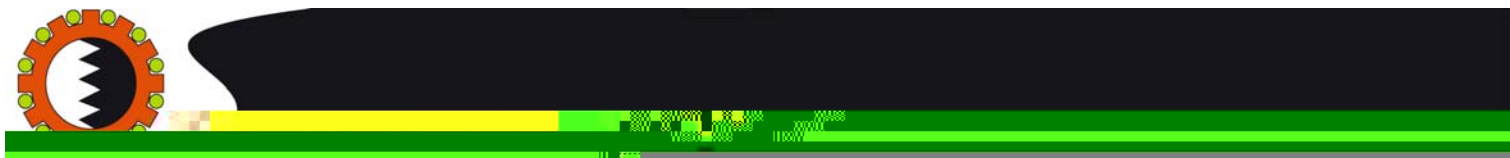
ART	Aston Reinvestment Trust
AMSCI	Advanced Manufacturing and Supply Chain Initiative
AWM	Advantage West Midlands
BIDs	Business Improvement Districts

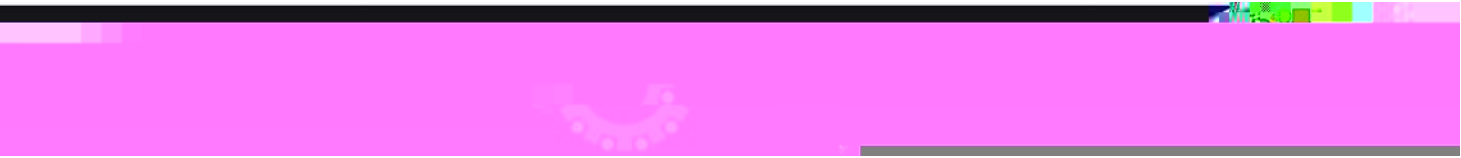


# 1 Introduction

## 1.1 Purpose of the Inquiry

- 1.1.1 The third inquiry commenced by the Birmingham Economy & Jobs Overview and Scrutiny (O&S) Committee in 2012/13 focused on those crucial engines of our local economy: micro, small and medium enterprises (MSMEs).
- 1.1.2 An in-depth Scrutiny Review on Support to Small Businesses<sup>1</sup> had been carried out in 2006 and this identified the need for the Council to have a clear policy in relation to business support, and to link support with other organisations more effectively. Members of the former Regeneration O&S Committee also thought that the City Council could improve how it interacts with small businesses.
- 1.1.3 Since then, the issue of support for micro, small businesses has recurred in other scrutiny work. In the 2010 report on Supporting the Recovery, the representatives of business we spoke to were satisfied that Birmingham provided a good environment to start or expand a business. However they also told us that there was a need for greater clarity about business support, both for companies locating in Birmingham and those already here. Most recently, the work on Birmingham's Local Centres<sup>2</sup> included evidence that more could be done to support small businesses in our local centres. This suggests that, despite some improvements, there is still a problem here.
- 1.1.4 Additionally, over the years that these scrutiny reviews were undertaken, the business support landscape has significantly changed.







## 2 MSMEs in Birmingham

### 2.1 The Contributions of MSMEs to the Local Economy

2.1.1 The Committee considered the importance of local MSMEs to the local economy. Evidence provided by the Cabinet Member for Development, Jobs and Skills set out the key statistics, including:


- Micro enterprises comprise around 79% of the total business base in the city and SME businesses comprise approximately 20% of all businesses. Micro, medium sized businesses together account for 99% of all local business units in Birmingham;
- It is estimated that micro enterprises and SMEs account for 57% of Birmingham's annual economic output (£12bn of £21bn GVA).

2.1.2 With regards to employment, data from 2011 suggests that the contribution of these businesses to employment is smaller:

- Micro-business (0-9 employees) accounted for 79% of businesses but only 13% of employment in Birmingham;
- Small business (10-49 employees) accounted for 16% of businesses and 24% of employment;
- Medium business (50-249 employees) accounted for 4% of businesses and 28% of employment.<sup>3</sup>

2.1.3 Self-employment, which makes an important contribution to the local economy, is comparatively low: 5% compared to 8% for England & Wales. Self-employment rates also vary by ethnic group. The highest rate is amongst those who defined themselves as Indian (13% for men and 9% for women). The rate for Pakistani men is also high (11%), but the rate for Pakistani women is only 1%.

### 2.2



2.2.2 This reflects the national situation. As reported in a recent report on Local Enterprise Partnerships (LEP) across the country:

Many LEP areas face long-term challeng



# Business Support: Micro, Small and Medium Enterprises

2.2.7 These figures show that Birmingham does have a relatively high start up rate (and is in the highest performing 20% of local authorities), but also has a relatively high enterprise death rate. Looking at the wider region, the British Chamber of Commerce told us that:

In Greater Birmingham and Solihull, the business birth rate is slightly lower than the England average; the death rate marginally higher. This is within the margin of error so approximately the same as the national average.

**Table 2: Births and Deaths of Active Enterprises for Core Cities 2009-2011**

Area	Births as a % of total stock			Deaths as a % of total stock		
	2009	2010	2011	2009	2010	2011
United Kingdom	10%	10%	11%	12%	11%	10%





# Business Support: Micro, Small and Medium Enterprises

**Table 3: Survival Rates of Core City Enterprises born in 2006, 2008 and 2010**

Area	5 Yr Survival rate of enterprises born in 2006	3 Yr Survival rate of enterprises born in 2008	1 Yr Survival rate of enterprises born in 2010
United Kingdom	45.0%	58.0%	92.0%
Newcastle upon Tyne	43.9%	57.3%	90.3%
Manchester	40.5%	49.9%	91.2%
Liverpool	38.9%	53.6%	92.8%
Sheffield	39.5%	57.7%	91.5%
Leeds	43.2%	57.4%	93.0%
Nottingham	41.8%	53.6%	91.3%



2.2.13 In considering “what good looks like”, it must be accepted that business failure is an integral part of this – which is often difficult in public policy terms, though successful entrepreneurs often have a failed business behind them.

2.2.14 The structure of local economies is also crucial: the British Chamber of Commerce told us:

What we do know is that former 'one-industry towns' and deprived areas tend to have the lowest rates of entrepreneurship and new-business survival.

2.2.15 It is also true that success breeds success:

Research suggests that low rates of home ownership and house values are important: securing start-up finance is tough because access to collateral is poor; survival is hard because of weak local demand, lack of role models and thin business networks.

2.2.16 With regards to the correlation between business birth and deaths, it is not possible to say which way the causality runs – is it that the more businesses created, the higher the failure rate; or that the more businesses fail the more entrepreneurial energy is released? The data cannot tell us, for example, how many of those starting a new business had had a previous business that had ceased to trade? How many businesses closing down employed people and how many were “one man bands”? It also does not distinguish the different characteristics of a business. For example, the Institute of Asian Businesses told us:

We believe that the Asian SME business community is in a relatively stronger position compared to their counterparts in the non-Asian communities. This is because small Asian businesses tend to operate with lower overheads, lower wage bills, strong family support, and access to finance from family & friends. However, this inward facing approach may work against Asian businesses when they try to grow, because of their lack of awareness of local & national government support initiatives.

2.2.17 What the data does show is that business survival rates drop most between the second and third year of operation. It suggests that this would be a time when support might be most effective.

## **Factors in SME Performance**

2.2.18 The Centre for Cities recently published its Small Business Outlook 2013. This looked at the geography of SME performance and the factors that determine it. It was found that:

SMEs in the weakest economies have been affected most, reinforcing existing geographic divides. London and cities in the South East tend to have the highest levels of entrepreneurship, SME density and growth. There is no clear North-



South divide, however, with Aberdeen and Warrington amongst the top performing cities and Luton having amongst the lowest SME growth rates nationally.

2.2.19 The Centre for Cities report highlighted three factors that determine variations in SME performance across UK cities:

- Sectors: Some sectors, and the businesses within them, have been more affected by globalisation, technology and changing consumer habits than others. As a consequence, whilst high growth SMEs can be found in all sectors, SME performance at city level varies depending on an individual city's sectoral profile.
- Skills: Cities with a more highly skilled workforce tend to be more entrepreneurial and to have more SMEs growing than shrinking. Shortages in workers with higher level skills impact on the ability of larger SMEs in particular to expand and create new jobs.
- Demand: Ultimately, the conditions in the wider business environment determine the performance of SMEs. But levels of demand for goods and services in local economies have an important bearing on the growth prospects of existing and new SMEs.<sup>6</sup>

## 2.3 Changes to Business Support Landscape

2.3.1 The 2006 Scrutiny Review report noted changes in the structure and mechanisms for support funded by central and local government, including financial aid and area-based regeneration initiatives. At that time, business support was moving from a local to a regional delivery model.


2.3.2 Since then, moves have been to centralise business support further and the business support landscape is still rapidly changing, with the demise of Advantage West Midlands (AWM) and a regional Business Link and their associated grants (e.g. Grant for Business Investment), alongside announcements of replacement funding (e.g. Regional Growth Fund).

2.3.3 There are now two primary routes for all SMEs across England to access Government-funded business advice: a national website ([www.gov.uk/business-support-helpline](http://www.gov.uk/business-support-helpline)) and a national call centre.

2.3.4 The main driver for economic growth at a regional level is the Local Enterprise Partnership (albeit with very little resource, which local authorities are key in providing, along with a policy focus). The Greater Birmingham and Solihull LEP's (GBSLEP) proposal document saw business support as "essentially a local matter", for each LEP to determine according to its own economic structure and mix of businesses.

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<sup>6</sup> Centre for Cities, Small Business Outlook 2013

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- 2.3.5 Their recently published Strategy for Growth recognises that business support is a crucial issue and that systems of business support should be appropriate for all companies. There is also the ambition to see 'business growth fuelled by access to fair and relevant finance, capable of supporting the differing needs of businesses during their lifecycle across all sectors'.
- 2.3.6 In terms of business support the City Council has largely retreated from providing direct financial support to small businesses. Direct business support still exists in the form of Business Insight (an extension of the City Council's Library Service and provides information, training and advice) and the Enterprising Communities scheme.<sup>7</sup>
- 2.3.7 In addition, Birmingham's Business Hub brings together organisations dedicated to boosting local economic prosperity by attracting and helping businesses to grow. It is operated by Marketing Birmingham under the city's official inward investment programme, Business Birmingham, and comprises the Greater Birmingham and Solihull LEP (GBSLEP), departments within Birmingham City Council, Finance Birmingham, Aston Reinvestment Trust (ART) and Birmingham Forward. Information on how they can help and who to contact is available on the Business Birmingham website <http://businessbirmingham.com/>.
- 2.3.8 At a strategic level, the Leader's Policy Statement of July 2013 sets out the key aim of "A Prosperous City: Supporting jobs and sustainable growth". The Statement states that the focus is on "creating conditions for growth" and promises to:

Stimulate job creation thro







addition, it was thought that many of those running MSMEs needed to be convinced of the benefits to get them to invest the necessary time and resource to explore support opportunities.

3.2.6 There were therefore calls to encourage demand and to facilitate access to relevant services.

## Signposting

3.2.7 The majority of our witnesses identified better signposting to enable MSMEs to navigate the plethora of sites, initiatives and providers, as crucial to driving up demand. We have already noted that our witnesses did not believe there was a serious lack of available sources of support, so the call was for effective sign-posting of what is already out there.

3.2.8 It was reported that there is a plethora of sites (including Business Birmingham, Finditin Birmingham), and that a main site with signposting to other, more detailed, sites was needed. This complexity was confusing for businesses looking to seek advice and help. In our evidence-gathering, many bodies were highly praised by those who accessed them, but were not known about by the majority of businesses in the city (e.g. Marketing Birmingham).

3.2.9 However, there was also some caution about how valuable a simple website approach would be. Often problems or needs faced by businesses were only identified by talking to someone with the expertise, skills and knowledge to identify those needs and to help put an action plan together. There were concerns that users needed to know "what questions to ask" to properly benefit from an on-line system. Whilst sites such as the GBSLEP Central Business Portal for the SME Business Community have recognised this and designed a front end diagnostics programme to identify what a business needs, often a more detailed, personal approach yields the more effective solution.

3.2.10 There was also concern that there should not be a single source of information. Some witnesses believed that specialist sectoral advice was more useful, whereas others thought that most business owners and entrepreneurs needed the same advice, with the differences relating to



## Co-ordination

3.2.13 Sign-posting is one important step, but to really engage local businesses there needs to be greater simplification of supply, where appropriate, and better co-ordination of business support to give greater overall clarity. There were repeated ca




## Business Support: Micro, Small and Medium Enterprises

comparable community here. There was therefore support for efforts to encourage such a community in Birmingham.

- 3.2.19 We heard about one example of this – the Goldman Sachs 10,000 Small Businesses programme. Originally launched in the US in 2009 and in the UK in 2010, the programme provides support to





support service. The City Council, private sector, GBSLEP and Greater Birmingham Chambers of Commerce were all proposed by some witnesses but all dismissed by others.

## **Role of Membership Organisations**

3.2.27



do contribute to public policy a lot, and are often frustrated not to be involved more often or engaged in strategic arrangements.

## Current Initiatives

3.2.32 Looking at the current initiatives to address the issues raised above, there have been changes to provide focal points for business. Since the 2006 Scrutiny Review, there have been moves to simplify access to business support. For those contacting the City Council, a small team has been established within Planning and Regeneration to act as a conduit for issues relating to small businesses and engaging with the wider partners and the various City Council departments who serve this market.

3.2.33 More widely, the Business Hub, established in Baskerville House is operated by Marketing Birmingham (see 2.3.7). Within that, Business Birmingham has their website that provides business support information and the GBSLEP has an on-line portal (including access to finance).

3.2.34 With regards to signposting, there are two proposals: firstly the Leader's Policy Statement in July 2013 announced the intention to set up "a sign-posting scenario" with the Greater Birmingham Chambers of Commerce for Birmingham businesses.

3.2.35 In addition, the GBSLEP in its Strategy for Growth says it will:

.. seek an overhaul of business support through a new GBS LEP Business Support Solution, built by the region for the region. Components will include greater representation, reduced duplication of effort, greater accessibility, utilisation of technology and networks, and the alignment of relevant expertise from all areas.

3.2.36 This will include appropriate signposting for businesses to the range of support available and will recognise the value of sectoral-specific support:

We know that companies have different support needs based on the level of development of their particular industry's cluster within a city region, and the stage of the company, with interventions needing to be tailored based on differing requirements. We propose that sectors will be supported via bespoke programmes of activity.

## 3.3 Access to Finance


3.3.1 The 2006 Scrutiny Review of Support to Small Business recognised access to finance as a key issue for any business. At that time, the focus was on the capability of MSMEs to access available finance, whereas now there is real concern about the availability of finance. Access to finance is now a major national issue following the recession of 2008. In response to the Parliamentary Commission on Banking Standards report, John Allan, National Chairman, Federation of Small Businesses, said:





# Business Support: Micro, Small and Medium Enterprises

- 3.3.3 According to the FSB research, businesses want to invest, but a lack of finance acts as a barrier to growth.
- 3.3.4 With regards to the role of the City Council, expectations have shifted since 2006 – the 2006 Scrutiny report spoke of “expectations that the Council still provides support as it did previously”. However, the possibility of the City Council directly funding MSMEs through grants was not raised during our evidence gathering sessions. Indeed there was a clear view that the City Council should not be “picking winners”.
- 3.3.5 However, the existence of two alternatives to banks – Finance Birmingham and Aston Reinvestment Trust (ART) – was largely welcomed.
- 3.3.6 A wholly owned subsidiary of the City Council since 2010, **Finance Birmingham** offers a Business Loan Fund for those SMEs that require funding for growth/job creation. Businesses can apply for loans from Finance Birmingham of between £100,000 and £1,000,000 if they pay their business rates to Birmingham City Council; can demonstrate a two-year trading track record; and produce a viable Business Plan to support the growth.
- 3.3.7 More recently, a High Tech Business Investment Fund was launched. Those SMEs within high tech sectors that are innovative, with high growth and employment characteristics can apply for a £20,000 to £50,000 initial investment, with the ability for further investment from the Equity Fund. They must demonstrate the presence of a strong management team capable of delivering stability and growth; and proof of concept established with good intellectual property protection.
- 3.3.8 It was explained that there was a robust due diligence process in place in respect of the granting of loans that sought to mitigate risks. There had not been any defaults (to date) with all loan repayments made against the repayment schedule with monitoring of loan facilities occurring monthly.
- 3.3.9 The Aston Reinvestment Trust (ART) operates as a social enterprise with a mix of public and private sector funding including social investment. They are an established local loan provider which has lent £11m since 1997, assisting 600+ businesses, lending between £10,000 and £100,000. ART received Regional Growth Fund support via its trade association, the Community Development Finance Association (CDFA), in October 2012 with match funding from the Unity Trust and Co-operative banks, enabling ART to lend £1.6m per annum (subject to performance and fund availability) over 3 years.
- 3.3.10 Other funds include:
- **The Birmingham Post Growth Fund** is an investment fund, financed by the Department for Business Innovation & Skills (BIS), through their Regional Growth Fund (RGF) initiative. The Birmingham Post, in partnership with Bournville College, secured £5 million to invest in small and medium sized businesses to enable them to create a minimum of 250 new, long term jobs and assist businesses develop the skills they need to be able to grow successfully. The Fund offered grants of between £10,000 and £100,000 for expansion and growth ideas and



initiatives that will directly create jobs across Birmingham, Coventry and Solihull between 2012 and 2014. Round 6 is now closed;

- The **Advanced Manufacturing and Supply Chain Initiative (AMSCI)** purpose is to help support the development of productive capacity in the automotive and aerospace supply chains in the four LEP areas of the Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull and Liverpool. The fund focuses on the provision of funding towards the purchase of capital equipment and funding working capital requirements, Research and Development (R&D) and skills development;
- The




# Business Support: Micro, Small and Medium Enterprises

- 3.4.3 The City Council supports Business Improvement Districts (BIDs)<sup>16</sup> in the city and our Birmingham's Local Centres inquiry agreed this should be continued. The BIDs can therefore have a role to play in supporting businesses within them.
- 3.4.4 Our witnesses recognised the importance of the role of Birmingham City Council in terms of its regional and national influence; and its ability to bring in multi million pound programmes (the ability of the City Council to navigate European funding streams and win bids was seen as a real asset).
- 3.4.5 There is also the development of initiatives such as the Women's Enterprise Hub, which was widely welcomed. This is a partnership between Birmingham City Council and South & City College Birmingham. It is designed to improve confidence and skill levels, and encourage both new start ups and the growth of existing women-owned businesses. Phase 1 of the hub has a particular focus on Asian fashion and design, provides courses, training and business development support to new and existing women in businesses. Phase 2 of the hub is expected to open in early 2014 and will involve the provision of retail space, hot desks, start-up units, grow-on space for existing businesses, business development, mentoring and coaching support.
- 3.4.6 Other initiatives for the coming year, announced in the Leader's Policy Statement include undertakings to:
- Deliver a £3m investment from the European Regional Development Fund (ERDF) to support SMEs in Digbeth and the Jewellery Quarter, East Birmingham industrial corridor and Tyseley that will help businesses improve their properties, deliver new business floor space and create or safeguard jobs;
  - Pilot local economic summits through District Committees to introduce local businesses to the economic implications of the Social Inclusion Process and help to build links between businesses and schools;
  - Stimulate job creation through self-employment and business support measures and, generally, through the Greater Birmingham Chambers of Commerce with a sign-posting scenario for Birmingham businesses;
  - Transform the way regulation is delivered to business, improving the relationship between regulators and the business community that enables growth, employment and export opportunities;
  - Implement the Business Charter for Social Responsibility; promote the 'Living Wage' across Birmingham and champion a 'Buy Birmingham First' approach which supports local companies to bid for council work;

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investment over the next two years to design and deliver their own training solutions. The pilot is jointly overseen by UKCES, the Department for Business, Innovation and Skills and the Department for Education.

<sup>16</sup> A BID is a defined geographical area within which local businesses collaborate to invest in projects, services and initiatives which improve the environment in which they work.

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- Develop the Creative City initiative (a GBSLEP project), which will develop and promote aspiring innovative and entrepreneurial talent, develop a local market for cultural and creative activity and enhance our reputation as a place to do business.

3.4.7 The City Council also acts as enabler to many initiatives by acting as the accountable body for European funds, or joining with partners to deliver support initiatives:


- Enterprising Communities Programme: was established as a successor to the former Single Regeneration Budget (SRB) 1 and 2 initiatives over 10 years ago. The Development and



# Business Support: Micro, Small and Medium Enterprises

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- 3.4.20 In evidence from the Assistant Director for Revenues & Benefits, the Committee received information on how business rates (technically non-domestic rates) are calculated, collected and enforced.<sup>17</sup> Business rates are collected by local authorities on behalf of central government, which then pools and redistributes the money on a formula basis.
- 3.4.21 Business Rate Relief is available, at the discretion of the City Council. However, this must come from the City Council's own budget so is necessarily limited.
- 3.4.22 The suggestion that the City Council might be able to help with business rates issues was raised in this Committee's last piece of work on Birmingham's Local Centres. The request was for either



# Business Support: Micro, Small and Medium Enterprises

employer (supporting staff development and welfare and adopting the Birmingham Living Wage within their own organisation and within their supply chain); green and sustainable; and ethical procurement.

- 3.4.27 Some witnesses expressed concern that if businesses hoping to supply the City Council were obliged, through the Birmingham Business Charter for Social Responsibility to pay the living wage, this risked undermining local businesses and procurement. The Committee firmly rejected this view.





# Business Support: Micro, Small and Medium Enterprises

4.2.2 Part of addressing that knowledge gap is ensuring that timely information is available. The City Council ought to provide a register of business support, setting out the range of initiatives available. This could also include support available for employment schemes, such as apprenticeships.

	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R01</b>	That a register of all business support available to Birmingham business is published and kept up to date.	Cabinet Member Development, Jobs & Skills	October 2014

4.2.3 The need for better signposting was a clear message from our evidence gathering. Towards the end of our evidence gathering it was announced that this has been recognised by both the Leader of the City Council and by the Greater Birmingham Chambers of Commerce, in the proposal for a "sign-posting scenario" to be worked up between the Chamber and the City Council.

4.2.4 This is a very welcome step to address some of the concerns raised in this inquiry. However details are as yet unavailable. We therefore offer the following thoughts on what would comprise an effective service to MSMEs in the city.

- Stability of provision
- Clarity of aims
- Some proactive element
- Partnership
- Contribution to building a Birmingham business network



## Clarity of Aims

- 4.2.7 Defining success in terms of business support is complex; nevertheless there should be clarity about the City Council's aims and objectives, to ensure that the few resources are well-targeted.
- 4.2.8 During the inquiry, Members and witnesses discussed different measures of success. It was generally agreed that the impact and outcomes




# Business Support: Micro, Small and Medium Enterprises

maximising employment and wealth (which are of course linked) is key in the current climate and so should be a focus of the City Council's efforts where resources are limited.

## **Driving Up Demand for Business Support**

4.2.14 Once this clear strategic direction is established, there would then be the ability to introduce some

- 
- 4.2.20 It also needs to be made clear how GBSLEP will be involved, given the commitment in the Strategy for Growth to build a “new GBS LEP Business Support Solution, built by the region for the region”. Will these schemes be brought together? These questions must be addressed as there is clearly no consensus as to who or which organisations could lead an objective, credible business support service. There is ongoing engagement between the City Council and the GBSLEP; this needs to continue as proposals are developed to yield a coherent business support offer.
- 4.2.21 There may also be opportunities to use the private sector to deliver some of the support – including banks and accountancy firms (an obvious source of support according to the FSB survey). Exploring how corporate social responsibility might supplement the City Council and the Greater Birmingham Chamber’s offer could add both value and resources. Allied to this, links with Higher Education institutes and Business Schools should also be explored, as suggested by both Lords Young and Heseltine in their reports. We heard about the work being done by Aston Business School, for example, and they could be an important part of the solution.

### **Contribution to Building a Birmingham Business Network**

- 4.2.22 Another message that recurred throughout our evidence gathering was the need for a closer relationship between MSMEs and the public sector. Firstly, to meet the challenges outlined above, public policy must have a relationship and connections with business to elicit intelligence. Spotting



# Business Support: Micro, Small and Medium Enterprises

4.2.26 There was a view that competition between these bodies is not helpful. There is an opportunity to look at how these organisations and the capacity for greater collaboration – a number will have overlapping membership so there may be ways of bringing them closer together.


	Recommendation	Responsibility	Completion Date
R02	<p>That a report is submitted to this Committee on the forthcoming work on sign-posting for Micro, Small and Medium Enterprises (MSMEs), in particular setting out:</p> <ul style="list-style-type: none"><li>• How long term stability of provision will be achieved</li><li>• The aims of the service and the measures of success that should be achieved;</li><li>• How more proactive help will form a part of the service, in particular with regard to assisting business to diagnose their own needs</li><li>• How relevant organisations, such as the Greater Birmingham &amp; Solihull Local Enterprise Partnership (GBSLEP), those within the Business Hub and Business Insight, will be involved.</li></ul>	Cabinet Member Development, Jobs & Skills	October 2014
R03	<p>That active consideration is given to the benefits of a pro-active strategy to encourage businesses to engage with the new service in key areas. Again, working with partners such as the GBSLEP should form part of this work.</p>	Cabinet Member Development, Jobs & Skills	October 2014
R04	<p>That opportunities for greater collaboration between the different membership bodies in the city are explored, to see if business support activity can be co-ordinated, in particular networking opportunities.</p>	Cabinet Member Development, Jobs & Skills	October 2014

## City Council as Provider of Services

4.2.27 Whilst our evidence did not consider these elements in detail, it was suggested that there are still steps that the Council needs to take to improve its interactions with businesses as customers. These suggestions tended to focus on business rates and planning, issues which are addressed differently in the city's Enterprise Zone and Economic Areas. This Committee would therefore welcome a report on the lessons learned from the relaxation of planning rules and business rates.

4.2.28 The finance schemes on offer were broadly welcomed by our witnesses, and are expanding what





4.2.29 With regard to FinditinBirmingham, whilst some concerns were raised by witnesses, the Cabinet Member for Commissioning, Contracting & Improvement was clear that this was yielding real benefits both for the City Council and local businesses. This Committee would therefore welcome a further update on the impact on local MSMEs of FinditinBirmingham.

4.2.30 There was also some criticism of the Business Ch



## Progress with Implementation

4.2.31 To keep the Birmingham Economy & Jobs O&S Committee informed of progress in implementing the recommendations within this report, the Executive is recommended to report back on progress periodically. This will be carried out through the established tracking process.

	<b>Recommendation</b>	<b>Responsibility</b>	<b>Completion Date</b>
<b>R08</b>	Progress towards achievement of these recommendations should be reported to the Birmingham Economy & Jobs Overview and Scrutiny Committee no later than December 2014. Subsequent progress reports will be scheduled by the Committee thereafter, until all recommendations are implemented.	Cabinet Member Development, Jobs & Skills	December 2014

# Appendix 1: Witnesses

Cllr Tahir Ali, Cabinet Member for Development, Jobs and Skills	Birmingham City Council
Jerry Blackett, Chief Executive	Greater Birmingham Chambers of Commerce
Kenneth Bruce, Birmingham Branch Vice Chairman	Federation of Small Businesses (FSB)
Amina Bukhari	Institute of Asian Businesses (IAB)



## Appendix 2: Business Survival Rates for Core Cities

May 2013

**Table A: Births and Deaths of Active Enterprises for Core Cities 2009-2011**

Area	Births of Active Enterprises			Births as a % of total stock		
	2009	2010	2011	2009	2010	2011
United Kingdom	236,030	235,145	261,370	10%	10%	11%
Newcastle upon Tyne	765	725	895	10%	10%	12%
Manchester	1,965	1,960	2,390	13%	12%	15%
Liverpool	1,435	1,290	1,465	12%	11%	12%
Sheffield	1,460	1,440	1,595	10%	9%	10%
Leeds	2,500	2,830	2,910	10%	11%	12%
Nottingham	855	805	935	10%	10%	11%
Birmingham	3,690	3,315	3,675	12%	11%	12%
Bristol	1,600	1,725	1,975	10%	11%	12%

Area	Deaths of Active Enterprises			Deaths as a % of total stock		
	2009	2010	2011	2009	2010	2011
United Kingdom	277,435	249,620	229,845	12%	11%	10%
Newcastle upon Tyne	905	815	775	12%	11%	10%
Manchester	2,365	2,210	1,905	15%	14%	12%
Liverpool	1,785	1,485	1,405	15%	12%	12%
Sheffield	1,980	1,860	1,730	13%	12%	11%
Leeds	3,030	2,790	2,530	12%	11%	10%
Nottingham	1,055	970	955	13%	12%	12%
Birmingham	4,645	3,935	3,575	15%	13%	12%
Bristol	1,885	1,645	1,480	12%	10%	9%

Source: BIS Business Demography – 2011

<b>Table B: Count of Active Enterprises Core Cities 2009-2011</b>			
<b>Area</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
United Kingdom	236,030	235,145	261,370
Newcastle upon Tyne	765	725	895
Manchester	1,965	1,960	2,390
Liverpool	1,435	1,290	1,465
Sheffield	1,460	1,440	1,595
Leeds	2,500	2,830	2,910
Nottingham	855	805	935
Birmingham	3,690	3,315	3,675
Bristol	1,600	1,725	1,975

Source: *BIS Business Demography - 2011*

<b>Table D: Survival Rates of new enterprises born in 2008</b>							
<b>Area</b>	<b>Births</b>	<b>1 Year Survival</b>	<b>1 Year per cent</b>	<b>2 Year Survival</b>	<b>2 Year per cent</b>	<b>3 Year Survival</b>	<b>3 Year per cent</b>



# Business Support: Micro, Small and Medium Enterprises

Table E: Survival Rates of new enterprises born in 2010

Area	Survival Rates of new enterprises born in 2010		
	Births	1 Year Survival	1 Year per cent
United Kingdom	267,445	246,065	92.0
Newcastle upon Tyne	925	835	90.3
Manchester	2,155	1,965	91.2
Liverpool	1,520	1,410	92.8
Sheffield	1,595	1,460	91.5
Leeds	2,770	2,575	93.0
Nottingham	915	835	91.3
Birmingham	3,610	3,335	92.4
Bristol	1,815	1,670	92.0

Source: *BIS Business Demography - 2011*

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# Appendix 3: Business Support in Birmingham




## B Business Support: National

### Business Link

B.1.1 Business Link is now a national service providing all micro and small and medium enterprises (MSMEs) with two primary routes to access Government-funded business advice: through a national website – <https://www.gov.uk/business-support-helpline> and a national call centre – 0845



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- C.1.2 The Chamber is a membership-based business support organisation. Membership benefits include:
- Free legal advice helpline. 24/7 support on all matters and available for all colleagues
  - Member to member offers – Opportunity to promote products and services to other members via the website
  - Free listing on Chamber website – Over 1 million visits per year
  - Access to online business support package – including HR, book-keeping, business planning and health and safety templates
  - Lobbying support – we will give your business a voice from red tape to skills, transport and regulation
  - Access to international trade advice, trade missions and exhibitions
  - Discounted rates for essential business support including marketing, translations, recruitment
  - Discounted rates on a comprehensive range of training courses
- C.1.3 Further information can be found at [www.birmingham-chamber.com](http://www.birmingham-chamber.com) or the Greater Birmingham Chambers can be contacted on 0121 607 1874.

### **Federation of Small Businesses (FSB)**

- C.1.4 The Federation of Small Businesses is the UK's largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has 200,000 members across 33 regions and 194 branches.
- C.1.5 The FSB's members have access to:
- Legal advice
  - Tax advice
  - Health and Safety advice
- C.1.6 Further information can be found at [www.fsb.org.uk](http://www.fsb.org.uk) or the FSB Staffordshire and West Midlands Office can be contacted on 0808 2020 888.

### **Birmingham Forward**

- C.1.7 Birmingham Forward is an independent, inclusive, not-for-profit, membership organisation that was established in 1990. Their role is to promote the strength, range and depth of services that its members offer to the widest possible audience. At the same time they promote Birmingham, and the region, as an ideal place to do business.
- C.1.8 Members come from 21 different sectors of business and professional services and represent a broad cross-section of the Birmingham business community.
- C.1.9 Forward members have access to a wide range of events that both educate and inform the audience whilst at the same time providing excellent networking opportunities. On behalf of its



members Birmingham Forward lobbies on key issues that are important to their members or the city - often the two are closely linked.

C.1.10 Further information can be found at [www.birminghamforward.co.uk](http://www.birminghamforward.co.uk) or Birmingham Forward can be contacted on 0121 270 8000.

## **Birmingham Future**

C.1.11 Birmingham Future is a dynamic, forward-thinking membership organisation that provides a platform for the city's young professionals to become Birmingham's business leaders. Their diverse membership spans from trainees to directors, across a range of sectors from the professional to the creative. They help people to build their personal and professional profile through not only an extensive calendar of high profile speaker and networking events, but also mentoring and awards programmes.

C.1.12 As the voice of young professionals, they provide opportunities for members to take part in new and ongoing conversations about the future of their city and industry by working closely with initiatives such as Colmore Row Business District and the Big City Plan.

C.1.13 Further information can be found at [www.birminghamfuture.co.uk](http://www.birminghamfuture.co.uk) or Birmingham Future can be contacted on 0121 270 8000.

## **D Business Support within Birmingham**

### **Greater Birmingham and Solihull LEP**

D.1.1 The Greater Birmingham and Solihull LEPs (GBSLEP) business support portal <http://gbslepbusinesssupport.com/> signposts users to:

- Access to finance: grants, loans, equity and advice etc
- Business Support: main agencies, networks, research 5(ca)-5.fodvice etc
-

- 
- **Advanced Manufacturing Supply Chain Initiative** (£125m to 2017) designed to grow SMEs within the Advanced Manufacturing sectors across England and generating 5,000 jobs;
  - **Enterprising Communities - Enterprise Catalyst Business Support Initiative:** seeks to raise entrepreneurial levels to help new businesses get started and help existing businesses ensuring sustainable growth. To be eligible for the programme you must be: a business start-up or an existing business – based within the qualifying wards.<sup>1</sup> To discuss your business idea or check eligibility please call 0121 675 7580;
  - **Business Development Programme** (£8m ERDF 2012-2015) provides financial assistance, mentoring and coaching support to existing businesses to implement their investment plans. The programme runs from September 2012 until May 2015. The financial assistance is a grant award between £10,000 and £15,000 available to existing businesses, which represents 45 per cent of eligible project costs;
  - **Green Bridge Supply Chain Programme** (£60m 2014-2019) aimed at growing the supply chain within the green economy across the West Midlands;
  - **Enterprise Zone Business and Skills Package** (£5m 2013-2017)



fixed plant and equipment, and demolitions, land clearance and reclamation), which would lead to new commercial space up to a maximum grant value of £100,000;

- **Key Property Opportunities Programme** - Grants are also available of up to 35% of the eligible project costs, from a minimum grant value of £100,000;
- **Finditinbirmingham** is the City Councils website providing details for contract opportunities in the Birmingham area, including all Birmingham City Council tenders alongside private opportunities and a full range of services. Basic membership is free or members can upgrade to Premium or Corporate Membership for less than £1 per week.

D.1.4 Further information on the above can be obtained from <http://www.birmingham.gov.uk/supportforbusinesses> or on 0121 303 3150.

### **Birmingham City Council: Finance Birmingham**

D.1.5 Birmingham City Council launched a **Business Loan Fund**





lettings. This means that we are able to get prospective business tenants into premises quickly with the minimum of paperwork and expense.

D.1.21 Professional staff help businesses and individuals identify suitable properties, which best fit their requirements and give support to prospective and existing tenants by giving advice on Council services provided on site.

D.1.22 Further information can be found at <http://prope>



## Universities

D.1.31 The universities are involved in supporting SMEs through Knowledge Transfer Partnerships and Knowledge Transfer Networks to encourage innovation (programme for helping businesses to