



Business Support: Micro, Small and Medium Enterprises

sign-posting
networking
SME
MSME
Enterprise
business

A report from Overview & Scrutiny





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Further information regarding this report can be obtained from:

Lead Review Officer: Name: Emma Williamson

tel: 0121 464 6870

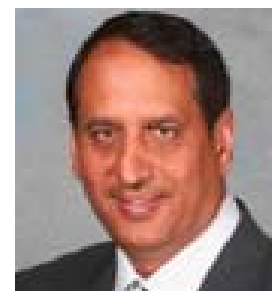
e-mail: emma.williamson@birmingham.gov.uk

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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.



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: • How long term stability of provision will be achieved • The aims of the service and the measures of success that should be achieved; • How more proactive help will form a part of the service, in particular with regard to assisting business to diagnose their own needs • How relevant organisations, such as the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP), those within the Business Hub and Business Insight, will be involved.	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
R04	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.	Cabinet Member Development, Jobs & Skills	October 2014
R05	That an assessment of FinditinBirmingham and its contribution to supporting Micro, Small and Medium Enterprises (MSMEs) in the city is presented to this Committee.	Cabinet Member Commissioning, Contracting & Improvement	October 2014
R06	That the Birmingham Business Charter for Social Responsibility is reviewed in 12 months to see the effects on Micro, Small and Medium Enterprises (MSMEs).	Cabinet Member Commissioning, Contracting & Improvement	October 2014



	Recommendation	Responsibility	Completion Date
R07	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
R08	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
BIS	Department of Business, Innovation and Skills
BPS	Birmingham Property Service
CDFA	Community Development Finance Association
ERDF	European Regional Development Fund
FSB	Federation of Small Businesses
GBSLEP	Greater Birmingham and Solihull Local Enterprise Partnership
GVA	Gross Value Added
HGFs	High-Growth Firms
ICT	Information and Communications Technology
LEP	Local Enterprise Partnership
MAS	Manufacturing Advisory Service
MSMEs	Micro, Small and Medium Enterprises
OECD	Organisation for Economic Co-operation and Development
O&S	Overview and Scrutiny
RGF	Regional Growth Fund
R&D	Research and Development
SME	Small and Medium Enterprises
SRB	Single Regeneration Budget



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 Businesses¹ 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 Centres² 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, as has the role and capacity of the City Council within that landscape. The Committee therefore determined to take stock of the changes and how the City Council's role in relation to MSMEs was evolving; and contribute to the on-going efforts to build the strong business network necessary to support a successful entrepreneurial economy.

1.2 How we did the Work

- 1.2.1 A number of people and organisations from across the city were asked to send us their views on the role of Birmingham City Council in supporting MSMEs. Public meetings were held between January and July 2013, supplemented by written evidence. The key lines of enquiry discussed included:
- How are our local micro and SMEs faring in the current economic climate?
 - What has been the impact of national and local programmes on the economic potential of micro and SMEs?

¹ Scrutiny Review: Support to Small Business, Report to the City Council, 12 September 2006

² Scrutiny Inquiry: Birmingham's Local Centres, Report to the City Council, 05 February 2013



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- What differences have the City Council's services / policies made to micro and SMEs?
- What should the role of the City Council be in supporting micro and SMEs, given current and future financial constraints?
- How do small businesses help / contribute to the city?

1.2.2 The witnesses who attended the sessions are listed in Appendix 1. The Committee is very grateful to all those who gave their time and ideas to support us in this inquiry.

1.3 Definitions

Micro, Small and Medium Enterprises

1.3.1 Throughout the report we will refer to micro, small and medium enterprises. Micro enterprises employ fewer than 10 employees, whilst small and medium enterprises employ between 10 and 249 employees. The European Commission also defines these by turnover and balance sheet, as set out in Table 1 below.

1.3.2 Whilst the report often refers to both, it is important to recognise that micro enterprises (and particularly sole traders) can have particularly different needs and expectations of support to that of small and medium businesses.

Table 1: European Commission definition of MSMEs

Enterprise Category	Employees	Turnover	or	Balance Sheet Total
Medium	< 250	≤ 50million euros		≤ 43million euros
Small	< 50	≤ 10million euros		≤ 10million euros
Micro	< 10	≤ 2million euros		≤ 2million euros
Source: European Commission, 2013				

What do we mean by "Support"

1.3.3 The 2006 Review identified the distinctions between the different ways in which the Council and partners relate to MSMEs, simplified as follows:

- **Support** to businesses: the direct support that businesses receive in terms of specialist advice, funding and 'beneficial conditions' (such as incubation schemes), from partners of the City Council, the City Council itself and other private partners (such as Chambers, banks, universities, etc);



- **Services** to business: services that the City Council provides, of which businesses are a consumer. Such services may be consumed collectively (for example, environmental services or those relating to transportation networks), or individually (for example, refuse collection).

1.3.4 This inquiry has focused on the former. Firstly however, the Committee considered the contribution of MSMEs to the local economy and how the business support landscape has changed since 2006.



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.³

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 The Impact of the Current Financial Climate

2.2.1 The witnesses to the inquiry reiterated the difficulties still being faced by business in the current climate. The Federation of Small Businesses (FSB) summed it up as:

... the road ahead is still tough. This will mean people will continue to have less spend and trading conditions will remain challenging. Small firm are still seeing cost pressures from rising utilities and material costs, and as a result business revenues and profits have fallen. But small firms are resilient.

³ Employment Data – ONS Business Register & Employment Survey 2011; Business Data- ONS UK Business Counts- Local Units 2011



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 challenges – whether these relate to turning around a local economy that has persistently lagged behind national growth rates; or relate to managing growth and making a step-change in the infrastructure and housing provision needed to meet existing and future demand.

2.2.3 We heard that almost all LEP areas have seen a decline in their business populations in the years immediately following the recession of 2009. The latest data for the Greater Birmingham and Solihull LEP Area (2011) record 32 enterprises per 1,000 adults, which is fewer than for the city-region areas of Manchester and Bristol but more than Derby, Nottingham, Sheffield and Liverpool.

2.2.4 Nevertheless there are some encouraging signs. Looking at existing SMEs, all cities experienced a higher proportion of SMEs growing rather than shrinking before, during and after the recession. The percentage of SMEs expanding between 2008 and 2011 in Birmingham was 44.5%. The city with the highest growth rate was Aberdeen with 57.1%. All other core cities had a higher percentage than Birmingham. Just over a third (38%) of SMEs in Birmingham contracted between 2008 and 2011, a higher percentage than all core cities except Nottingham and Sheffield.⁴

Business Survival in Birmingham

2.2.5 Since 2008 the number of micro enterprises in Birmingham has fallen by 6% (compared to 1% nationally), and the number of small / medium sized businesses has fallen by 4% (1% nationally). Nonetheless, Birmingham does have a larger number of active enterprises than the other Core Cities (see Appendix 2).

2.2.6 Statistics on business start-ups, “deaths” and survival rates compares Birmingham’s performance to other core cities and the UK. Data on business “births” and “deaths” (Table 2) shows that:

- Birmingham’s performance is comparable to other core cities in terms of business start-ups as a percentage of total stock;
- In 2011 the number of business births in Birmingham was the equivalent of 12% of total businesses, the same proportion as Newcastle, Liverpool, Leeds and Bristol. The only core city with a higher rate was Manchester (15%) and Sheffield had the lowest rate (10%);
- In 2011 the death rate was the equivalent of 12% of all businesses, the joint highest of the core cities, along with Manchester, Liverpool and Nottingham. Bristol had the lowest rate at 9%.

⁴ Centre for Cities, Small Business Outlook 2013



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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%
Birmingham	12%	11%	12%	15%	13%	12%
Bristol	10%	11%	12%	12%	10%	9%
Leeds	10%	11%	12%	12%	11%	10%
Liverpool	12%	11%	12%	15%	12%	12%
Manchester	13%	12%	15%	15%	14%	12%
Newcastle upon Tyne	10%	10%	12%	12%	11%	10%
Nottingham	10%	10%	11%	13%	12%	12%
Sheffield	10%	9%	10%	13%	12%	11%
Source: Department of Business, Innovation and Skills (BIS) Business Demography database 2011; provided by the Economic Research & Policy team, Development & Culture Directorate, Birmingham City Council						

2.2.8 With regard to survival rates (Table 3):

- Birmingham's 5 year survival rate of enterprises born in 2006 (40.5%) was joint 5th lowest of all core cities, along with Manchester. Bristol had the highest 5 year survival rate (48.6%) and Liverpool the lowest (38.9%);
- Birmingham was also ranked 5th in the 3 year survival rates of businesses born in 2008 (54.4%). Bristol had the highest 3 year survival rate (59.5%) and Manchester the lowest (49.9%);
- The city had the 3rd highest 1 year survival rate of enterprises born in 2010 (92.4%), after Leeds and Liverpool. Newcastle has the lowest rate (90.3%).



2.2.9 As the tables in Appendix 2 show, in general, survival rates have fallen since 2006, indicating that the current challenging economic conditions are having an impact on business survival rates.

Private Sector Business Stock in GBS LEP (2011) – VAT/PAYE Registered Businesses

40,798 business employing 571,621 persons – a decline of ~2,000 business and 10,000 jobs since 2010.

Focusing on the MSMEs:

- 98% of private sector businesses employ fewer than 50 employees; 87% less than 10 employees – i.e., 35,689 micro-enterprises.
- 170,885 employees in MSMEs and over half that number in micro-enterprises (88,097 jobs).
- 28,661 jobs in the MSME sector are in the manufacturing sector – 17% of total jobs.
- Almost half (49.2%) of the 35,689 micro-enterprises have been trading for less than 5 years (currently employing 34,182 persons) – so high levels of churn; but 9,500 have been trading for over 10 years (currently employing 32,164 people).
- Around 3,000 micro-enterprises are manufacturing firms employing almost 10,000 persons.

Business Performance 2008-2011 & High-Growth Firms

- Just under half of all firms (47.4%) in the Greater Birmingham and Solihull (GBS) LEP area did not grow at all in the 3 years since 2008. In fact, just 7,173 firms out of 25,000 survivors actually increased their employment between 2008 and 2011 – almost 1,000 fewer than in the previous 2007-10 period.
- There were 200 High-Growth Firms (OECD definition⁵) in the GBS LEP area in the period 2008-11 and the overall share of HGFs in the area is 4.7% - this is a fall on the previous share of 5.6% since 2007-10 (i.e., 240 HGFs) – well below the UK average which has been a feature of this metric for over a decade in Birmingham and the West Midlands.

Source: Professor Mark Hart; (Aston Business School and Deputy Director of the new national Enterprise Research Centre: www.enterpriseresearch.ac.uk)

⁵ Defined as a firm employing at least 10 employees that achieved at least 20% average annual growth in employment over three years.



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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%
Birmingham	40.5%	54.4%	92.4%
Bristol	48.6%	59.5%	92.0%

Source: Department of Business, Innovation and Skills (BIS) Business Demography database 2011; provided by the Economic Research & Policy team, Development & Culture Directorate, Birmingham City Council

How Do We Compare?

- 2.2.10 The above data looks at Birmingham's performance in relation to other core cities. Members enquired as to whether there were *any* parts of the country where micro and SMEs were thriving in order to have a picture of "what good looks like".
- 2.2.11 The response – from both the City Council's Inward Investment team and the British Chamber of Commerce – emphasised the difficulty of comparing across areas with widely differing characteristics. Data on new business starts ups shows that, as might be expected, areas of London have the highest rates. In terms of survival, the areas with the highest business survival rates are predominately in rural or isolated areas.
- 2.2.12 However, evidence from the British Chamber of Commerce provided some guidance as to how to interpret that data. Those areas with a high start up rate (like London and Birmingham) tend to have higher business death rates owing to the competitive business environment, and a high "churn" rate was therefore characteristic of a city region economy. In contrast rural areas tend not to experience much growth in business numbers and therefore represent a more static business environment, with less competition. In that sense they do not necessarily demonstrate "what good looks like" when it comes to a thriving SME environment.



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–



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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.⁶

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) 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.

⁶ Centre for Cities, Small Business Outlook 2013



- 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.⁷
- 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 through self-employment and business support measures and, generally, through the Birmingham Chamber of Commerce with a sign-posting scenario for Birmingham businesses.⁸
- 2.3.9 At all levels there are a plethora of initiatives, schemes and programmes, aimed solely or partly at addressing business support. It is important to recognise the relative value of this investment – assisting in the provision of employment is the best preventative action that exists in the context of reducing dependency upon the state in terms of benefits, health, housing and criminal justice. Appendix 3 provides a summary of the business support available in the city.

⁷ See paragraph 3.4.7 and Appendix 3

⁸ Leader's Policy Statement 2013, Report to City Council, 9th July 2013



3 Findings

3.1 Introduction

- 3.1.1 The evidence gathering sessions covered a number of aspects of support to MSMEs, but what came through with most clarity from our evidence gathering was the need to address the low take up of advice and guidance services, and the difficulties MSMEs have in accessing finance. These are therefore addressed first, followed by a summary of other issues relating specifically to the City Council.

3.2 Support: Advice and Guidance

Availability of Advice and Guidance

- 3.2.1 In general, the view from our witnesses was that whilst the provision of advice and guidance had reduced over the last few years, there was still a significant amount available, both centrally and locally funded. However there was reduced choice in where to go and the formats in which support is available. The main sources of help and support now tend to be online. The key barriers were lack of awareness and accessibility.

Advice and Guidance is Important – but Take Up is Low

- 3.2.2 The importance of good advice and guidance was reiterated throughout our evidence gathering, for example Members were told by the Greater Birmingham Chambers of Commerce that 74% of businesses say they want to grow but are not accessing help. As Lord Heseltine cites in his report, good advice can support growth:

Only 50% seek advice, but the evidence shows that the companies which seek it are nearly twice as likely to grow as those that do not.

- 3.2.3 The Federation of Small Businesses (FSB) survey from 2011⁹ shows that members tend not to use formal support mechanisms but prefer to rely on their customers, suppliers and their own accountants for advice and support (Table 4). When FSB members were asked about local government initiatives that would most support their business, 'improved business support' was the most commonly selected initiative. This despite generally low satisfaction rates (when asked about business services provided by their local authority, just 11% claimed to be satisfied with them; 29% were dissatisfied). This does indicate that the appetite is there but is not translating into consumption.

⁹ Voice of Small Business Member Survey (UK), February 2012



Table 4: Sources of Business Support

	Micro	Small
Accountant	73%	83%
Customers	76%	78%
Suppliers	70%	77%
FSB	62%	64%
Bank	61%	77%
Family/friends	38%	33%
Government funded support	36%	44%
Other trade associations	34%	43%
Informal networks	34%	30%
Solicitor	25%	44%
Local Government funded support	23%	32%
“Big Business”	22%	33%
Universities/Colleges	15%	20%
EU funded help	11%	16%
Base	8,001	2,036
Source: The FSB 'Voice of Small Business' Member Survey report – Published Feb 2012 page 39		

3.2.4 Lord Heseltine offers some reasons for this low take up:

There are many reasons for the shortage of demand. Some businesses are not able to diagnose their business support needs accurately. Some will be unaware of the information and advice that is available. Some will be uncertain about its suitability and the benefits it can bring. There can be a lack of trust in the providers. Consultants can be tempted to provide easy solutions, irrespective of the nature of the problem presented, leaving a legacy of mistrust.¹⁰

3.2.5 Our investigation supported these findings – lack of awareness, a lack of clarity or understanding of where to go for help and mistrust of some sources were all cited in our evidence gathering. In

¹⁰ No Stone Unturned in pursuit of Growth, The Rt Hon Lord Heseltine of Thenford CH, October 2012 (page 127)



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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 sector "around the edges".

3.2.11 The broad conclusion therefore was not that there was a lack of support but that more could be done to encourage business owners / entrepreneurs to access it. There was general agreement that a source of support, delivered locally, was needed. However, an interpretation of provision is needed to reach demand, as well as proactive effective signposting to drive up that demand.

3.2.12 The result has to be a simple, visible, easy to navigate system. There also needs to be some stability in provision. The British Chamber of Commerce described the "1-5-10 principle" as applicable to business support organisations and mechanisms – 1 year to set up, 5 years for most people to have heard about it, and 10 years for it to be part of the landscape. It was strongly suggested that "one stop shops" or similar should be introduced through existing, known organisations. This would have the advantage of greater visibility and would be more likely to succeed and be more efficient than setting up a new vehicle.



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 calls for support to be “joined up” and for co-ordination of communications.
- 3.2.14 Complexity is sometimes inevitable – particularly if there is a need to respond to signals in the market. However there are thought to be around 900 business support schemes in the UK and ten government departments and non-governmental bodies in charge of delivering different schemes:

The complexity of the system means that SMEs are often either unaware of the support available, or are unable to access it.¹¹

Types of Support

- 3.2.15 There was some discussion around the different types of support that would be most helpful in this context. Witnesses identified a need for **decent, basic, advice on business planning, marketing and finance** for those who have a good idea for a business and do not know where to start, or for those businesses already operating who wish to continue. There was some support for a “one stop shop” approach with “short sharp” advice options for those who do not have a lot of time for training. There are many people with a good business idea who cannot articulate a business plan, undertake a cash flow analysis, or find funding.
- 3.2.16 In order to help businesses move on from start-up and understand their own needs better, it was argued that there needs to be a better “support network” for business. This includes **mentoring** opportunities as an important tool in supporting business. Some businesses benefit from **incubator and accelerator programmes**: these programmes exist to help those who aspire to be entrepreneurs but need some help, and work in a supportive environment with likeminded people helping each other out. Examples such as the Birmingham Science Park Aston were cited.
- 3.2.17 There are some good examples of this available, one being incubator schemes. Here, an entrepreneur with a growing business may be looking to move to the next phase, which may require additional funding but also may require an examination of the business in its current environment. S/he would therefore benefit from advice from like minded entrepreneurs.
- 3.2.18 Linked to this is the importance of **networks and networking opportunities**: some witnesses felt that Business Link had provided this very well with advice session and business breakfasts where participants could spend two hours networking with others in similar situations, which was generally found to be valuable. Another witness compared the “massive vibrant ecosystem” for small businesses in London, where the community supported each other, with the lack of a

¹¹ Centre for Cities



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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 small business leaders who are seeking to grow their businesses. Participants learn alongside other small business owners and have the support of Aston Business School and practitioners from the business community. At the end of the programme, participants join the 10,000 Small Businesses national alumni network.
- 3.2.20 In general, it was recognised that businesses were at various stages requiring different types and levels of support.

How should this be delivered?

- 3.2.21 How the support should be provided stimulated some discussion. There was widespread agreement that business support should be locally focused and that national programmes required local links. Each city had to deal with different circumstances and that should be reflected in the support offered.
- 3.2.22 There was debate around the merits of public sector versus private sector provision. There was a view that Birmingham City Council as a provider of business support may not be seen as credible nor as an entity that business owners and entrepreneurs would think of contacting. Certainly with regard to financial support, it was felt that the public sector generally may find it hard to justify providing financial support to MSMEs.
- 3.2.23 Some however did feel there was a prominent role for the public sector, particularly the City Council as part of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP). However, there was also some concern in relying too heavily on the GBSLEP: any support tied in with the GBSLEP could disappear if it were changed or abolished. It was important to ensure that any support would remain in place as institutions changed.
- 3.2.24 On the other hand, some witnesses were cautious about the role of the private sector, whether in the form of programmes run by existing companies (such as the Birmingham Post Business Growth Fund) or specialist providers. In the former case, there is a huge workload that is difficult for those already running a business to accommodate. In the latter case, private sector provision is often provided by specialist companies or providers who have a financial interest in selling certain products.
- 3.2.25 Generally, support needs to be available in “familiar” surroundings, it needs to be co-ordinated without being bureaucratic and run by an organisation with a vested interest in growth in Birmingham.
- 3.2.26 There was no consensus on which was the right answer, though there was potentially emerging agreement that neither the public nor the private sector was in a position to provide such a service on its own. There was no clear preferred leader to provide or co-ordinate an objective, credible



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 As part of our evidence gathering we took evidence from different membership organisations in the city:

- The Greater Birmingham Chambers of Commerce: there are around 2,399 businesses in the group (approx 97% of these are MSMEs), and it provides support in all areas of business, including networking and events;
- The Institute of Asian Businesses (part of the Greater Birmingham Chambers of Commerce): there are around 166 businesses in the group, which supports businesses through invitations to events, £2,000 free legal advice, the opportunity to speak to Committee members, master classes (sponsored) and there is an emphasis on networking;
- The Federation of Small businesses (FSB): there are 1,914 Birmingham branch members as of July 2013 (prior to the recession there were about 2500 Birmingham branch members); the FSB supports businesses with legal, tax and Health and Safety advice

3.2.28 In addition, Marketing Birmingham offers membership, although it is not necessary to be a member to access support. The city's strategic marketing partnership operates the city's leisure and business tourism programmes (Visit and Meet Birmingham) and the inward investment programme (Business Birmingham). There are approximately 400 local companies that help fund the partnership.¹² Marketing Birmingham supports inward investors to plan, set-up and grow in the region.

3.2.29 Whilst membership of each organisation is relatively low in comparison with the number of enterprises in the city, it was recognised that they often provide useful focal points or networks of businesses.

3.2.30 In No Stone Unturned, Lord Heseltine was keen to enhance the role of Chambers of Commerce:

What is striking when looking at other chamber models is the degree of consistency and continuity these networks have been able to provide. For decades, businesses have known that there is always an organisation they can turn to for advice both at home and overseas. The chambers in these countries act as a spine on which capability and experience can be built over time. UK businesses have had no such continuity.

3.2.31 Evidence from the Greater Birmingham Chambers indicated that it was important to have, and the Chamber offered, a good route to business in Birmingham. They asserted that Chamber members

¹² <http://www.marketingbirmingham.com/about-us/what-we-do/>



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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:



Small firms have been rocked by scandal after scandal in the banking sector, not least Libor rigging and mis-selling of complex financial products, which has affected many of our members. With the concentration of banking in the last 20 years, real competition and choice has all but vanished. More competition is needed across the sector, not just in retail banks but from alternative providers, if access to finance is to improve for small firms and for innovation to flourish. For too long the main high street banks have had a monopoly on lending to these customers. While innovative alternative providers currently make up a small proportion of lending, it is an area we think can grow significantly with the support of the Business Bank. (p24)

3.3.2 The 2012 FSB surveys shows that use of government funds were low, as the primary means to support business was private borrowing or savings (Table 5).

Table 5: Sources of Finance Used

	% in 2011 – major source	% in 2011 – minor source
Bank overdraft	25%	10%
Own savings / inheritance	22%	11%
Retained profit	20%	7%
Bank loan (secured)	9%	2%
Personal credit card	9%	11%
Supplier Credit	9%	8%
Company credit card	8%	10%
Friends/Family	8%	6%
Bank Loan (unsecured)	5%	2%
Other business/employment	4%	3%
Factoring / invoice discounting	3%	1%
Leasing	3%	3%
Second mortgage	2%	1%
Other	1%	0%
None of these	41%	62%
Source: The FSB 'Voice of Small Business' Member Survey report – Published Feb 2012 page 24		



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- 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 **Green Bridge Supply Chain Programme** is a competition funded with £20m from the RGF. Existing SME supply chain companies can apply for grant support of between £20,000 and £100,000¹³ to develop new markets, new products, skills development and purchase of capital equipment. Seven Local Enterprise Partnerships (LEPs) are working together to deliver this: Greater Birmingham and Solihull, Black Country, Coventry and Warwickshire, Worcestershire, Staffordshire & Stoke-on-Trent and The Marches.

3.3.11 There was also support for the availability of "light touch" smaller grants to help businesses develop, which was not tied to specific outputs.

3.3.12 Witnesses noted the government's commitment to launching a bank for business/industry; one went further and asked that the City Council consider taking the "lead and resurrect a local Business Bank looking after the needs of local Business people."

3.4 The Role of the City Council

3.4.1 We have already noted the changing nature of the City Council's role in business support over the years, in particular its retreat from providing direct financial support to small businesses. However, residual elements still remain within the Council's agenda for encouraging economic regeneration and promoting growth in the local economy.

Business Support

3.4.2 Business support could also include information on the support available for employment schemes, such as apprenticeships. Our Closing the Skills Gap inquiry¹⁴ acknowledged the importance of apprenticeships and recommended that "the Leader in his role as LEP Board Director, lead a campaign to promote the benefits of apprenticeships to local businesses and promote the BIS "Employer Ownership"¹⁵ (round 2) to businesses in the LEP area."

¹³ Applications for funding of over £100,000 may be considered, where the applicant demonstrates significant economic benefits to the West Midlands both in terms of the level of investment and new job creation.

¹⁴ Scrutiny Inquiry: Closing the Skills Gap, Report to City Council, December 2012

¹⁵ The Employer Ownership pilot offers all employers in England direct access to up to £250 million of public



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- 3.4.3 The City Council supports Business Improvement Districts (BIDs)¹⁶ 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;

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.

¹⁶ 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.



- 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 Culture Directorate are responsible for the management and delivery of the ERDF programmes, namely the Enterprise Catalyst Business Support Initiative. This seeks to support unemployed residents to sustainable self-employment, with a particular emphasis on communities where there is disproportionate exclusion from the labour market. In addition a specific Sparkbrook Area Regeneration Initiative is to be piloted to identify and facilitate the delivery of local enterprise and regeneration priorities;
- The Business Development Programme distributes ERDF grant support towards business expansion projects, including subsidised high growth coaching and mentoring over a 12 month period. The Greater Birmingham Chambers of Commerce make referrals of eligible SMEs to the City Council for this support.

Procurement

3.4.8 In 2006, the Scrutiny Review raised a number of issues about how small local businesses can better access local authority procurement and tendering processes. A key part of this was simplifying tendering processes.

3.4.9 The public sector is a huge influence on the local and regional economy, quite simply due to the vast number of goods and services that it procures. Public sector budgets in Birmingham are approximately £7.5bn; £3.5bn of that from the City Council.

3.4.10 The advantage of local procurement is that it provides a direct stimulus to the local economy. Money spent with small businesses is much more likely to be retained within the local economy, not only in terms of direct employment, but also in terms of what small businesses in turn spend their income upon. The City Council therefore has a Buy Birmingham First policy.

3.4.11 This is facilitated through the on-line portal FinditinBirmingham, which was launched in 2010. Procurement procedures were changed to ensure all City Council opportunities valued over £10,000 are advertised through FinditinBirmingham. In addition, FinditinBirmingham is used for all opportunities below £10,000 to allow buyers to search for and identify suitable local organisations that will be included in any quotation exercise

3.4.12 FinditinBirmingham operates a membership scheme and benefits include:

- Workshops for businesses – when running major tenders, to generate ideas and to support suppliers to be more ready



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- Monthly breakfast events
- Meet the buyer events

3.4.13 There are now close to 23,000 members, representing around 18,000 businesses. Of these, 39% are Birmingham based, based with a further 16% based in the wider West Midlands area. The "dealflow" through FinditinBirmingham now exceeds £4bn.

3.4.14 Councillor Stewart Stacey, Cabinet Member for Commissioning, Contracting and Improvement, stated in a submission to the Partnership, Contract Performance and Third Sector O&S Committee in January 2013:

FinditinBirmingham continues to grow in terms of membership, attendance at events, value of contract opportunities and reputation. FinditinBirmingham will become the Council's main method of engaging with the local business community, encompassing both business support (Development Directorate) and Procurement communication.

3.4.15 Recent successes include the use of FinditinBirmingham by Birmingham Energy Savers, which will have up to 225 SMEs delivering as part of the supply chain. 95% of these are businesses paying Birmingham Business Rates.

3.4.16 The submission from the Greater Birmingham Chambers of Commerce questioned the role of the City Council in providing such a service. It suggested that there was an "expansionist agenda" for FinditinBirmingham, creating a business membership competitor to the Chamber. They believe that this "distorts the market place (state aid) and complicates the already fractured business support delivery in the city".

3.4.17 The Greater Birmingham Chambers of Commerce also believes:

it is deeply unhelpful and a poor use of city council resources to build FinditinBirmingham into a business membership and events business that also seeks sponsorship from larger businesses. The procurement "clout" of the Council is being used to create a competitor to the Chamber which can only be detrimental to Birmingham's long-term interests.

3.4.18 We were also informed that the GBSLEP is exploring how the procurement portals in each of the GBSLEP areas can be better aligned to ensure businesses are aware of more opportunities across the area.

Business Rates

3.4.19 The question of business rates was raised by some of our witnesses, in particular whether the City Council could do more to help smaller businesses.



- 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.¹⁷ 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 being able to be more flexible in payment or in giving a rates free period for new businesses starting up. Some Local Centres Programme money was used to provide business support grants.
- 3.4.23 One of the Portas report's¹⁸ recommendations was that "Government should consider whether business rates can better support small businesses and independent retailers".

Planning

- 3.4.24 Planning was raised by a couple of witnesses, who complained of the length of time planning consent takes. The FSB reported that:

More than two thirds of our members applying for planning consent have had to wait more than the maximum eight weeks for local authorities to decide on most applications. In some cases, this was just to make simple changes to signage (11%) or an extension (22%) that ought not to be subject to planning constraints. Half of our members find the planning system complex and 40% costly.

Property

- 3.4.25 Also mentioned in this inquiry and the Local Centres inquiry was the concern about empty properties and their impact on local centres. These can be an eyesore and contribute to a "run down" feeling in some local centres. One witness suggested that shutters should have pictures on them (such as of a shop front) to give a better view along the street. Others want the City Council to consider ways to work with landlords to encourage vacant units to be brought into use.

Business Charter for Social Responsibility

- 3.4.26 The City Council's Business Charter for Social Responsibility was launched in April 2013 and is a set of guiding principles to which the City Council will adhere, and to which it will invite its contracted suppliers, the wider business community, other public sector bodies (including schools), and third sector organisations (including grant recipients), to adopt. Charter signatories will commit to the principles: local employment; buy Birmingham first; being partners in communities; being a good

¹⁷ Non Domestic Rates, submission to the Birmingham Economy & Jobs O&S Committee, 15th January 2013

¹⁸ The Portas Review, An Independent Review into the Future of our High Streets, December 2011 – Rec 6



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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.



4 Conclusions and Recommendations

4.1 The Context

- 4.1.1 The Committee undertook this inquiry to take stock of the changes in the business support landscape since the last major scrutiny review on this issue in 2006. We were particularly focused on how the City Council's role in relation to MSMEs was evolving.
- 4.1.2 The data we have examined (Chapter 2) shows that Birmingham experiences significant churn in the births and deaths of micro, small and medium enterprises (MSMEs), more so than other core cities. Whilst Birmingham has more active enterprises than other core cities, the proportion of these which are expanding is smaller than other cities. The number of SMEs in the city is falling faster than the national average.
- 4.1.3 There are many reasons for this – related to the national and local economy, skills and demand – but there is clear evidence that there is a need to grow a strong business network capable of supporting a successful entrepreneurial economy. There is evidence that a lack of awareness of, or reluctance to use, advice and guidance is a constraint on our growth and entrepreneurialism.
- 4.1.4 Whilst there was some discussion about who was best placed to provide this support, and which organisations should have a role in co-ordination, there was a view that the City Council does have a role in assisting with provision and taking a lead in building a business network.
- 4.1.5 That is not to say that there is not a lot of support available in Birmingham. Indeed, Birmingham and the City Council is already leading the way, doing some of the things being promoted at a national level, for example:
- Improving access to finance for small businesses – through ART and Finance Birmingham
 - Providing clear visibility of contract opportunities through local purchasing portals – FinditinBirmingham
- 4.1.6 Nevertheless, there does appear to be room for the City Council to consider the tools it has to help MSMEs further.

4.2 Recommendations

- 4.2.1 The over-riding conclusion was the need for the simplification and co-ordination of business support, facilitated by more collaborative working across the public and private sector. Our witnesses noted that there were a plethora and confusion of initiatives, programmes and agencies, which actually hinders awareness of, and trust in, those schemes.



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- 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.

	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

- 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

Stability

- 4.2.5 Lord Heseltine commented on the fact that:

The UK approach to business support is constantly changing. Organisations, programmes and services come and go, leaving little long term legacy.

- 4.2.6 This compares unfavourably with other advanced industrial countries which do have a strong and stable business support infrastructure. Whilst some of this is about the national picture, there is an expectation that local areas – LEPs and local authorities – will lead on business support. The ambition of the new sign-posting service is therefore welcome, but whatever is put in place must be visible, long-lasting and capable of withstanding changes in political leadership, personnel or agency.



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 were not always well understood. Sometimes it took a long time for a business to be successful and it was, therefore, difficult to measure the success of individual interventions. Nevertheless, the City Council could consider a number of aims for all its business support work:
- An increase in the share of private sector employment
 - An increase in the number of jobs created
 - An increase in the rate at which businesses are created
 - An increase in how long they survive
 - How innovative they are
 - An increase in business density (the number of active enterprises per head of population)
 - The contribution to Gross Value Added (GVA)
- 4.2.9 There was particular discussion around whether the number of jobs was the best measure of success, or whether having companies with sustainable platforms to support a small number of people in their careers was also a good measure of success.
- 4.2.10 Some held the view that the needs of small businesses which do not have growth aspirations should not be ignored. Self-employment, or enterprises that provide a sufficient living for one or two people, make an important contribution to the local economy and, altogether, provide a significant source of employment and income for a large number of people within the city. They also have a positive impact on the vibrancy and character in local centres.
- 4.2.11 There was a view that there is a need for companies who are just "getting along" to be reached and to help those who start a business because of something they love doing (e.g. jewellery designers/producers). Some businesses had good ideas but needed help in the day to day running and administration aspects such as cash flow and business plans.
- 4.2.12 Others felt that those which created a larger amount of employment make a greater contribution to the local economy and publicly funded support should focus on these. This is particularly true as the data now seems to show that whilst Birmingham has many start ups, turning these into job creating enterprises is proving more difficult, yet it is vital for the city that we have job-generating businesses, to facilitate economic growth.
- 4.2.13 This is of course for the Executive to determine in partnership with relevant agencies. This Committee was of the view that, whilst no-one seeking support should be turned away,



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 proactive elements to drive up demand for support in key areas. Whilst increased awareness and a single gateway would go some way to doing this, there would need to be an element of pro-activity to ensure best value was gained.

4.2.15 Firstly, it cannot be assumed that all businesses will know what support they would most benefit from and when. As Lord Heseltine notes:

The big challenge we face, therefore, is in encouraging the growth ambitions and developing the capabilities of the remaining large mass of slower growing and lower performing businesses. These are the ones that ministers rarely get to see on their regional visits, focused as such visits are – invariably – on the high achievers. It is rare too, for ministers to get advice about these businesses, or to have a dialogue with them.

4.2.16 These businesses are often wary of spending time and money on support, particularly as they are not always able to diagnose their own need. The new service must therefore demonstrate that it will not simply signpost in the most basic sense but proactively assist business to find the right support.

4.2.17 Secondly, whilst it seems that some business failure is characteristic of a thriving city region economy, there is a high churn rate in Birmingham which is higher than elsewhere. We need to understand why and focus support appropriately. The data suggests that there may be critical points – perhaps after two or three years where low cost, reactive advice or assistance with appraisals may make a difference.

4.2.18 Our witnesses suggested that these businesses are sometimes growing beyond the expertise of those running them to accommodate the additional tasks associated with a larger business, but are not yet able to buy in that support as required (for example, Human Resource support). It was noted that the vast majority of grants are from Europe and have conditions attached and most tend to exclude "business turnaround" bids. There also may be points at which the possibility of failure increases, for example when rates or other taxes rise, where support could be focused.

Partnership

4.2.19 The proposed new sign-posting service does need to involve other organisations as one of the calls from our witnesses was simplification and better co-ordination. Simply adding another scheme to those in existence risks adding to the confusion. It needs to be clear how organisations such as those within the Business Hub and Business Insight will be involved, as well as business schools.



- 4.2.20 It also needs to be made clear how GBSLEP will be involved, given the commitment in the Strategy for Growth to a 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 when and where to focus support is more effective if there is a long-term relationship with those businesses. Currently, many MSMEs feel disengaged from public policy despite some positive changes.
- 4.2.23 GBSLEP is important here, and certainly since its inception there has been a step change in private business interaction with public policy. However, this is at a very strategic level, with the Board representatives mainly from big businesses (there are two SMEs represented on the Board). Whilst there have been engagement events, some of our witnesses felt that GBSLEP could do more to engage with MSMEs.
- 4.2.24 Local business membership organisations have those personal relationships and are the traditional route for engaging with small business. These organisations also provide an opportunity for likeminded business people to meet and network – a crucial part of any business support offer. Business Link used to provide this and it had been valued by many of our witnesses, who felt that this was missing now.
- 4.2.25 However, as we have already noted, membership organisations are currently fragmented with often too low a membership to really fulfil that role. Again this is a national issue, recognised by Lord Heseltine:

The UK’s business representative bodies only skim the surface of the business population because levels of membership and engagement are low, and the business voice is fragmented.



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	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: • How long term stability of provision will be achieved • The aims of the service and the measures of success that should be achieved; • How more proactive help will form a part of the service, in particular with regard to assisting business to diagnose their own needs • How relevant organisations, such as the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP), those within the Business Hub and Business Insight, will be involved.	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
R04	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.	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 they are doing both geographically and by scale. For example, Solihull Metropolitan Borough Council has launched a similar scheme to Finance Birmingham (which Finance Birmingham are managing), and Bromsgrove and Wyre Forest District Councils are considering such a scheme.



- 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 Charter for Social Responsibility, as risking the involvement of MSMEs by provisions such as the living wage. The Committee rejected this, as there is no good reason not to pay someone a living wage. A report on the impact of the Charter on MSMEs is therefore requested, to ensure that the feared negative consequences are being minimised.

	Recommendation	Responsibility	Completion Date
R05	That an assessment of FinditinBirmingham and its contribution to supporting Micro, Small and Medium Enterprises (MSMEs) in the city is presented to this Committee.	Cabinet Member Commissioning, Contracting & Improvement	October 2014
R06	That the Birmingham Business Charter for Social Responsibility is reviewed in 12 months to see the effects on Micro, Small and Medium Enterprises (MSMEs).	Cabinet Member Commissioning, Contracting & Improvement	October 2014
R07	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



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.

	Recommendation	Responsibility	Completion Date
R08	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)
Craig Cooksley	Birmingham Post Business Growth Fund
Sharon Freedman, AD, Regeneration	Birmingham City Council
Chris Gibbs, AD, Revenue and Benefits,	Birmingham City Council
Jack Glonek, AD, Investment, Enterprise and Innovation	Birmingham City Council
Mark Hales	Entrepreneur
Dr David Hardman, MBE	Birmingham Science Park Aston
Mark Hart, Professor of Small Business and Entrepreneurship, Economics & Strategy Group	Aston Business School
Nigel Kletz, AD, Corporate Procurement	Birmingham City Council
Douglas Laird, Business Insight, Local Services Directorate	Birmingham City Council
Andy Munro	Jewellery Quarter
Wouter Schuitemaker, Investment Director	Business Birmingham
Mike Spicer, Head of Research	British Chambers of Commerce
Cllr Stewart Stacey, Cabinet Member for Commissioning, Contracting and Improvement	Birmingham City Council
Jenny Stokes, Senior Assistant Principal, External Funding	Bournville College
Sue Summers, Chief Executive	Finance Birmingham
Dr Steve Walker, Chief Executive	Aston Reinvestment Trust (ART)
Mohammed Zahir, Head of Business Enterprise and Innovation	Birmingham City Council



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



**Table B: Count of Active Enterprises Core Cities
2009-2011**

Area	2009	2010	2011
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

Table C: Survival Rates of new enterprises born in 2006

Area	Births	1 Year Survival	1 Year per cent	2 Year Survival	2 Year per cent	3 Year Survival	3 Year per cent	4 Year Survival	4 Year per cent	5 Year Survival	5 Year per cent
United Kingdom	255,530	246,510	96.5	206,160	80.7	169,190	66.2	136,060	53.2	114,955	45.0
Newcastle upon Tyne	855	825	96.5	665	77.8	550	64.3	435	50.9	375	43.9
Manchester	1,790	1,730	96.6	1,395	77.9	1,105	61.7	850	47.5	725	40.5
Liverpool	1,490	1,425	95.6	1,150	77.2	940	63.1	700	47.0	580	38.9
Sheffield	1,770	1,705	96.3	1,350	76.3	1,055	59.6	820	46.3	700	39.5
Leeds	2,740	2,635	96.2	2,200	80.3	1,795	65.5	1,430	52.2	1,185	43.2
Nottingham	980	945	96.4	760	77.6	625	63.8	490	50.0	410	41.8
Birmingham	3,515	3,370	95.9	2,765	78.7	2,195	62.4	1,695	48.2	1,425	40.5
Bristol	1,750	1,695	96.9	1,430	81.7	1,220	69.7	995	56.9	850	48.6

Source: BIS Business Demography - 2011

Table D: Survival Rates of new enterprises born in 2008

Area	Births	1 Year Survival	1 Year per cent	2 Year Survival	2 Year per cent	3 Year Survival	3 Year per cent
United Kingdom	267,445	246,065	92.0	197,850	74.0	155,205	58.0
Newcastle upon Tyne	925	835	90.3	665	71.9	530	57.3
Manchester	2,155	1,965	91.2	1,470	68.2	1,075	49.9
Liverpool	1,520	1,410	92.8	1,070	70.4	815	53.6
Sheffield	1,595	1,460	91.5	1,165	73.0	920	57.7
Leeds	2,770	2,575	93.0	2,055	74.2	1,590	57.4
Nottingham	915	835	91.3	640	69.9	490	53.6
Birmingham	3,610	3,335	92.4	2,610	72.3	1,965	54.4
Bristol	1,815	1,670	92.0	1,365	75.2	1,080	59.5

Source: BIS Business Demography - 2011



Business Support: Micro, Small and Medium Enterprises

Area	Table E: 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

Contact Officer:

Lesley Bradnam, Economic Research & Policy

Tel: 464 2114 Email:

Lesley.bradnam@birmingham.gov.uk



Appendix 3: Business Support in Birmingham

A Introduction

A.1.1 This appendix provides a user friendly summary of the business support available in the city. It does this by:

- Providing details of the national programmes:
 - Business Link
 - National Agencies: Manufacturing Advisory Service (MAS), GrowthAccelerator and Jobcentre Plus
- Business Support Organisations in Birmingham:
 - Greater Birmingham Chambers of Commerce
 - Federation of Small Businesses
 - Birmingham Forward
 - Birmingham Future
- Providing details of business support available from organisations within Birmingham:
 - Greater Birmingham and Solihull LEP
 - Birmingham City Council
 - Finance Birmingham
 - Digital Birmingham
 - Business Insight
 - Birmingham Property Services (BPS)
 - Marketing Birmingham
 - Aston Reinvestment Trust (ART)
 - Universities
 - Science Parks



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 600 9006.

National Programmes: National Agencies

B.1.2 There are a number of national business support programmes which a number of organisations administer and these include:

- Manufacturing Advisory Service (MAS): provides business support / financial help with improvement projects to SMEs. Larger businesses can receive services at the full market rate. Contact: advice@mymas.org or telephone 0845 658 9600
- The GrowthAccelerator is a partnership between private sector business growth experts, Grant Thornton, Pera, Oxford Innovation and Winning Pitch and backed by Government. It exclusively targets high growth businesses who want to enter their next growth phase. To be eligible for GrowthAccelerator, a business must be registered in the UK and based in England, have fewer than 250 employees and have a turnover of less than £40m. Further information can be found at <http://www.growthaccelerator.com/> or on 0844 4632995, or by email enquiries@growthaccelerator.com
- Jobcentre Plus: the New Enterprise Allowance can provide money and support to 18 year olds on either Jobseeker's Allowance, Income Support as a lone parent or Employment Support Allowance (work-related activity group) to help them start their own business. This could be: a loan up to £1,000 (this has to be paid back), a weekly allowance up to £1,274 paid over 26 weeks (this does not have to be paid back), and a mentor.

C Business Support Organisations in Birmingham

Greater Birmingham Chambers of Commerce

C.1.1 The Greater Birmingham Chambers of Commerce has been established for nearly 200 years. The group now comprises:

- | | |
|--|-------------------------------------|
| • Birmingham Chamber of Commerce | • Solihull Chamber of Commerce |
| • Burton & District Chamber of Commerce | • British American Business Council |
| • Chase Chamber of Commerce | • Chamber Executive Club |
| • Lichfield & Tamworth Chamber of Commerce | • Institute of Asian Businesses |
| • Future Faces | |



- 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 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 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 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 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 and training etc
- Business Relocation: organisations activities, successes and property searches etc
- Business Opportunities: contracts, suppliers, tenders and purchasers etc

D.1.2 Links to business support programmes include:

- Birmingham & Solihull Social Economy Consortium: Social enterprises can find information and resources including a free guide to business support
- The Birmingham Post and Bournville College: The partnership's Business Growth Fund offers investments of between £10,000 and £100,000 for expansion and growth ideas and initiatives that will directly create jobs across Birmingham, Coventry and Solihull over the next two years

Birmingham City Council

D.1.3 The GBSLEP portal provides information on a range of business development programmes that the City Council are the accountable body for. These can also be accessed from Birmingham City Council's website <http://www.birmingham.gov.uk/supportforbusinesses> and include:



- **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.¹ 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) designed to support 100 new start up's, and growth 400 existing, attract 10 foreign direct investments and inward investors;
- **Women Enterprise Hub** will provide support for pre start-ups, support new business and develop the growth of existing women- owned enterprises;
- **Start Up Loan Programme** provides 18 – 30 year olds with a viable, sustainable business idea for starting their own business or who are already in business and trading for less than 12 months with a range of support. This includes one-to-one business planning support and a loan. The programme runs until March 21015. Further information can be found from Ibrahim Bhayat, www.birmingham.gov.uk/startuploans Tel 0121 464 9870;
- **Metro Support Package** to support the businesses directly affected by the Metro works in the city centre, this has been funded by the Council and Centro;
- **Property Improvement** using £9m ERDF to deliver a number of targeted property improvement programmes, including; Tyseley Environmental Enterprise District, Industrial Corridors and Digbeth and the Jewellery Quarter;
- **Property Assistance Programme** - grants are available up to 50% of the eligible project costs, (include new building work, extending existing commercial premises, internal works,

¹ Aston, Bordesley Green, Hodge Hill, Ladywood, Lozells and East Handsworth, Moseley and Kings Heath, Nechells, Soho, South Yardley, Sparkbrook, Springfield and Washwood Heath - <http://www.birmingham.gov.uk/enterprisecatalyst>



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** in January 2010, a groundbreaking initiative offering a £10 million package of loans to small and medium businesses (SMEs) based in Birmingham. The loan will support a diverse range of solid profitable Birmingham companies which have previously been unable to access funding.

D.1.6 Birmingham City Council is working alongside Finance Birmingham, which is acting as agent for the Council to oversee the £10 million fund.

D.1.7 SMEs can apply for loans 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 three year business plan including financial forecasts illustrating the serviceability of the loan. Interest rate between 8.5% and 12.5%, typically 11% is payable.

D.1.8 Birmingham City Council's **Equity Fund** is open to SMEs which pay their business rates to Birmingham City Council, who can demonstrate a trading track record and has a minimum turnover of £1m pa and/or minimum enterprise value of £1m. offers equity of between £250,000 and £1,000,000.

D.1.9 Further information can be found at www.financebirmingham.com or Finance Birmingham can be contacted on 0121 233 4903.

Birmingham City Council: Digital Birmingham

D.1.10 Digital Birmingham directly works with SMEs to improve their ability to use social media for marketing and networking purposes; encourage SMEs to increase uptake of broadband connectivity, providing training in online publishing for example. Digital Birmingham is leading on the implementation of the national connectivity voucher scheme and wireless infrastructure (circa £8 million) which is aimed at SMEs in order for them to access ultrafast internet connectivity. It has secured a phased rollout of free wifi within the City Centre and aims to accelerate 4G wireless connections across the city that will deliver direct benefits to SMEs operating in the creative and media sectors.



- D.1.11 Digital Birmingham is working closely with businesses, schools, universities and employers to increase the skills capabilities of citizens in order to enhance their employability opportunities and entrepreneurial activities and has secured a number of Information and Communication Technology (ICT) related apprenticeships for Birmingham citizens and entrepreneurs to support SME and micro business growth. It is leading on developing the smart city action plan on skills and entrepreneurship.
- D.1.12 Digital Birmingham is leading on the open data agenda that will see the release of public data for the consumption of businesses, entrepreneurs, social enterprises in order to support innovation and the development of new applications and services that will drive economic growth and new job opportunities.
- D.1.13 Further information can be found at www.digitalbirmingham.co.uk or contact raj.mack@birmingham.gov.uk.

Birmingham City Council: Business Insight (Business and Learning)

- D.1.14 Business Insight is part of the City Council's library service providing a comprehensive public business information service for starting, growing and developing business, learning new skills and safeguarding intellectual property. They provide open access to physical and electronic business information resources for all their customers.
- D.1.15 Business and Learning has more than 40 services to help with business information needs including a company formation service. Other popular services include:
- Business Advice sessions
 - Business Planning service
 - Management skills training
 - Mailing Lists
 - Credit Checks
 - Patents
 - Marketing Resources
 - Business Research
- D.1.16 Further information can be found at www.birmingham.gov.uk/businessinsight or Business Insight can be contacted on 0121 303 4373 or Email businessandlearning@birmingham.gov.uk.

Birmingham City Council: Birmingham Property Services (BPS)

- D.1.17 Birmingham Property Services is the City Council's in-house property service.
- D.1.18 The Commercial Property Portfolio, including shops, offices and workshops, assists 3,100 businesses and individuals to make the most of their business opportunities. A high proportion of these tenants are small and start-up businesses.
- D.1.19 The range of property, including over 500 small work spaces suitable for micro businesses, and larger units up to 1500 sq ft which suit more established businesses looking to expand. The preponderance of smaller-sized units makes them suitable for micro businesses and SMEs.
- D.1.20 The leasing policy is orientated toward small businesses, as the properties are offered on flexible "easy in/easy out" terms, which minimize the upfront commitment compared to traditional market



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://property.birmingham.gov.uk/> or Birmingham Property Services can be contacted on 0121 303 3400.

Marketing Birmingham

- D.1.23 Marketing Birmingham is the city's public / private strategic marketing partnership tasked with significantly raising the City's profile, reputation and success as a place to visit and invest and promote Birmingham as a place to do business.
- D.1.24 Marketing Birmingham operates the city's inward investment programme, Business Birmingham, with the remit to attract and support inward investors and companies already based here that have expansion plans.
- D.1.25 Business Birmingham has also teamed up with two leading private partners within business development; Winning Moves and Winning Pitch to deliver **the SME Fast Track programme**. This is available to SMEs operating within the ERDF **Priority 3 areas of** Birmingham and the Black Country. The SME Fast Track consists of three stages:
- Specialist business advice
 - High impact workshops
 - Opportunities to attend trade shows
- D.1.26 Once the programme has been completed, SME's will also be eligible to move forward onto one of their aligned projects which offers growing companies further business support and the possibility of match-funded grants of up to £10,000.
- D.1.27 Further information can be found at www.businessbirmingham.com or Business Birmingham can be contacted on 0121 202 5085.

Aston Reinvestment Trust (ART)

- D.1.28 ART is a Community Development Finance Institution (CDFI) which provides business loans of between £10,000 and £100,000 to businesses and social enterprises in Birmingham and Solihull that are unable to receive their full funding requirements from their bank.
- D.1.29 Their loans can be used for any business purpose, including asset purchase or working capital. They lend alone, or alongside banks or other financiers, and we are able to signpost you to independent Business Finance specialists for advice if required.
- D.1.30 More information can be found at <http://www.reinvest.co.uk/> or on telephone 0121 359 2444.



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 improve their competitiveness and productivity through better use of knowledge, technology and skills that reside within the City's knowledge base). Further information can be found at www.ktponline.org.uk or by contacting: Aston University – m.r.may@aston.ac.uk or 0121 204 4253, Birmingham City University – Natalie.lewis@bcu.ac.uk or telephone 0121 331 5677 or the University of Birmingham – s.l.maloney@bham.ac.uk or 0121 414 8246.²

Science Parks

D.1.32 The Innovation Birmingham Campus team at **Birmingham Science Park – Aston** deliver a number of innovative projects which focus on supporting SME's and start-up businesses within innovative technology sectors on an international scale.

D.1.33 Further information can be found at <http://www.innovationbham.com> or on 0121 260 6000.

D.1.34 The unique location makes the **Birmingham Research Park** the best location in Birmingham for young 'high growth' companies that need access to both the best research minds and the biggest markets in this part of the UK.

D.1.35 The principal aim of the Research Park is to provide the right resources and environment for your company to flourish. Past and present tenants have built successful businesses based upon the University's own reputation in biotechnology, computer systems, medical diagnostics and scientific instruments.

D.1.36 Further information can be found at <http://www.birminghamresearchpark.co.uk> or on 0121 471 4988.

² <http://www.ktponline.org.uk/offices>