

WIRRAL COUNCIL

CABINET

23 JUNE 2011

SUBJECT:	INVESTMENT SUPPORT SERVICES FRAMEWORK
WARDS AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF CORPORATE SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR PHIL DAVIES REGENERATION AND PLANNING STRATEGY
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	YES

1.0 EXECUTIVE SUMMARY

- 1.1 Invest Wirral delivers a range of business support services that help businesses set up, grow and maintain competitiveness. This report sets out proposals to develop these services further in order to respond to the needs of Wirral businesses and therefore to stimulate economic growth and create new jobs for the residents of Wirral. The report outlines how these services would be co-ordinated and delivered through a proposed Investment Support Services Framework enabling Invest Wirral to offer a single point of contact and a seamless advice and guidance service to support Wirral businesses.

2.0 RECOMMENDATIONS

- 2.1 That Cabinet agrees that Invest Wirral develop an Investment Support Services Framework that includes the business support activities described in the report.
- 2.2 That Cabinet agrees to the procurement proposals for delivering the investment support services set out in the report.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 Supporting Wirral's businesses is one of the key priorities of the Council's Investment Strategy which aims to deliver a strong, vibrant economy with high levels of investment and employment opportunities for the residents of Wirral. Providing an effective and co-ordinated advice and support service to Wirral's businesses is critical to ensuring that they are supported to develop and grow sustainably.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 Wirral's Investment Strategy recognises the importance of supporting businesses in order to deliver a strong and dynamic economy and provide employment opportunities for Wirral's residents. This includes encouraging the start-up of new businesses as well as providing firms with the support necessary to enable them to grow and to remain competitive.
- 4.2 Business support and advice within Wirral has been delivered and co-ordinated through Invest Wirral. This has included direct provision of a range of services such as:
- business advice - each of the Invest Wirral Relationship Managers specialise in an industry sector group to offer expert guidance;
 - funding support – Think Big and Big Business investment grants – 179 investment projects were supported in 2010/11;
 - locating business premises – 3 inward investment projects were secured in 2010/11 and Invest Wirral activity has generated an investment value of over £23m;
 - networking events and workshops - 33 business related workshops were hosted during 2010/11;
 - Wirral Business Forum – membership is growing month by month with a targeted figure by the end of March 2012 of 2,500 members. 14 sector based networking events have been held encouraging collaboration and inter-trading between indigenous businesses. This also included the Invest Wirral Annual Conference which attracted an audience of over 250 Wirral based businesses;
 - key enhancements to the on-line business network;
 - Invest Wirral has also provided links to key business support organisations and has hosted three business advisors from Business Link North West who have provided expert advice on business planning and other key business issues.
- 4.3 Cabinet on the 21st February 2011 (Min 327) confirmed funding to support investment growth and to continue business support services previously funded by Working Neighbourhoods Fund. Funding of £1.625m has been made available for the delivery of investment support services in 2011/12. It was agreed that in addition to the existing services available through Invest Wirral that further investment should take place to:
- Link business growth with the delivery of jobs for local people;
 - Provide support targeted at micro businesses (3 or less staff and/or a turnover below £100,000) to encourage development and job creation;
 - Develop a 'Business Angels' network to provide investment in fast growing enterprises.
- 4.4 Cabinet on 14th April (Min 397) noted that the Business Link NW would cease operation in November 2011 and be replaced by a streamlined national service that includes a website and dedicated advice via a national call centre. As a result the agreement with Wirral Council with Business Link NW for the placement of 3 business advisors with Invest Wirral ceased on the 31st March 2011. Cabinet therefore agreed that this service should continue on a 3 month

interim basis whilst a new delivery framework was developed. The NWDA will cease operation on the 31st March 2012 which has implications for regional business support, including the ISUS programme. A report on these issues will be brought to Cabinet once further details are known.

4.5 The development of a new, enhanced investment support services framework provides an opportunity to build on and capture the successful operation of the current services whilst also ensuring that the new services offered by Invest Wirral effectively address the current and emerging needs of businesses by providing an enhanced package of business support. The framework will also ensure that Wirral businesses can be offered a single point of contact and a seamless service for the business lifecycle.

4.6 It is proposed that Invest Wirral will deliver the investment support services framework put forward in this report in order to support indigenous businesses that have the potential to grow, helping them to identify new business opportunities, access new markets and create employment opportunities.

4.7 **The Investment Support Services Framework**

It is proposed that in addition to the existing Invest Wirral services, outlined in 4.2 above, the Framework would include the activities set out below:

4.8 Support for Business Growth

Business acumen within the private sector is the driving force of economic growth and job creation. Many businesses are preoccupied with the day to day running of their business and need intensive support to enable them to think strategically and take their business to the next level. It is proposed that Invest Wirral will procure a pool of skilled private sector individuals who can offer specialist support on key elements which promote business growth. The outcome of the support will be to improve main business areas such as strategy and vision, people and processes, customers and sales and raising finance.

It is proposed that these self-employed project managers would be managed by Invest Wirral but employed on a task specific basis.

4.9 Micro Business Support

Wirral has a large percentage of small businesses with two or less employees and with a turnover below £100,000. According to UK Business 2010, 2,700 of Wirral based businesses are turning over less than £100,000 per annum which is approximately 40% of Wirral's over all business stock.

It is therefore proposed that Invest Wirral procure Project Advisors to work specifically with micro-businesses (3 or less staff and/or a turnover less than £100,000) to support businesses in identifying barriers to growth and to support them to develop. It is proposed that grants of up to £2,000 would be made available to micro businesses for work agreed by Invest Wirral and the Project Advisors. Approvals for these grants would be given by the Interim Director of Corporate Services.

An additional six workshops will be added to Invest Wirral's workshop programme which will specially focus on micro businesses. The workshops will be delivered in partnership with the private sector and will provide in-depth knowledge transfer on businesses growth related themes.

4.10 Business Angels

It is proposed to develop a Wirral Business Angels Network that will provide private risk capital for investment in fast growing local enterprises. Invest Wirral, through their existing contact with the local business community, will recruit individuals or groups of individuals looking to invest in locally identified growth businesses. The objective is to recruit initially a group of 15 investors to the Network, recognising that a typical Business Angel makes one or two investments in a three-year period, either individually or through a syndicate.

The Network will be delivered by Invest Wirral and operate within the provisions of the Financial Services Act, offering a dedicated service, including one-to-one business support for angels (investors) and entrepreneurs/business owners, attracting private capital for local fast growing businesses and providing a cost effective local route to investment. In the first year the aim is to engage with at least 12 businesses with high growth potential that are seeking investment.

4.11 Event Management

Invest Wirral has established a recognised platform for Wirral Businesses to network and gain expert knowledge on a range of practical business topics. Funding for the current programme is due to come to an end in July 2011 and it is proposed that the event management service should be continued and a suitable service provider procured to organise the events. This will enable Invest Wirral to continue to provide the sector based networking events and informative workshops which have been running successfully during 2009/10 and 2010/11.

4.12 Direct Inward Investment Support

Cabinet on the 14th April (Min 396) welcomed the designation of Wirral Waters as an Enterprise Zone (EZ) and noted that this would assist businesses through tax incentives, superfast broadband, improved infrastructure and simplified planning rules. The EZ provides a clear opportunity to promote the Borough as a preferred location for inward investment and it is anticipated that Wirral will receive an increased number of investment enquiries.

It is proposed that direct investment support to promote Wirral as a preferred business location should be developed in order to facilitate investment enquiries and ensure that Wirral's economic potential is realised. A further report will be brought back to Cabinet setting out proposals for how this would be progressed.

4.13 Business Investment Grants

Supporting Small and Medium sized Enterprises in Wirral is a key objective of the Investment strategy and is a key priority for the Invest Wirral team. Funding has been allocated to provide capital grants to support businesses with potential for growth in Wirral. This could include a company choosing to locate

in Wirral for the first time, or an established business in Wirral with a project to sustain or uplift the productivity and employment of their business through investing in their people, equipment or facilities.

The capital grant will be offered to Wirral businesses that have viable project proposals to support the sustainability or growth of the company. Grants will be subject to a robust health check and dependant on a project plan being in place, following the Councils standard due diligence procedure.

4.13 Social Enterprise Manager

A social enterprise can be defined as a business with primary social objectives, whose surpluses are principally reinvested for that purpose, rather than surpluses being used to maximise profit for shareholders or owners. They operate across a wide range of industries and sectors from health and social care, to renewable energy, recycling and fair trade and at all scales, from small business to large international companies.

It is proposed that a support mechanism be established to promote and develop a wider understanding of social enterprise and its benefits across the borough. The objective is to increase the number, size, and sustainability of social enterprise in Wirral, to design and provide support interventions as required by social enterprise in Wirral, encourage inter-trading, sharing of best practice and research between social enterprise and work with local, regional, national and transnational bodies to strengthen the sector and to open up new markets.

The current estimated number of social enterprises on Wirral according to Guidestar data is 160. These include Companies Limited by Guarantee, Industrial and Provident Societies and Registered Charities.

Invest Wirral will recruit 1 member of staff to work with existing social enterprises and support the development of new social enterprises. The Social Enterprise Development Officer will work closely with social entrepreneurs in forming new ventures, support existing social enterprises to identify barriers to success, develop and implement strategy and facilitate the development of core organisational infrastructure.

All support will be delivered through an Enterprise Hub in Egerton House. The hub will be a facilitator between the services of Invest Wirral and other networks/organisations/partners. Facilities will include free access to meeting rooms, hot desks and drop in clinics offering specialist advice. Four/six workshops will be arranged and run from the Hub covering Public sector procurement and commissioning, developing core organisational infrastructure, Identifying a niche and organisational review.

4.14 International Links

Since 2009 the Council has been supporting work to identify, develop and capitalise on international links in order to support economic growth within the Borough. It is intended that this work should continue so that Wirral's

businesses are promoted internationally and able to access global opportunities.

5.0 RELEVANT RISKS

- 5.1 A full risk analysis had been carried out by Wirral Officers and the business support framework has been designed to offer Wirral businesses the highest quality level of support. The councils risk manager has been asked to comment on the requirement of the businesses advisors to have specialist professional indemnity insurance for advice and guidance and this has been considered and will be covered by existing insurance policies.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Officers have carefully developed the investment support services framework taking into account past experience of dealing with business in Wirral and best practice from elsewhere. The options outlined in this report have been designed to offer Wirral businesses a high quality, single point of contact, offering specialist advice and access to finance.

7.0 CONSULTATION

- 7.1 Invest Wirral, through the Wirral Business Forum and the sectoral cluster groups, engage with businesses on a regular basis, listening and responding to their needs as appropriate. The demand for quality business advice is high and the success of the previous project delivered through Business Link Advisors clearly demonstrated with over 450 businesses being provided with business support advice.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 None as a direct result of this report, although the social enterprise support functions will be offered to relevant voluntary, community and faith groups as appropriate.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 9.1 Cabinet on the 21st February 2011 (Min 327) confirmed funding to support investment growth and to continue business support services previously funded by Working Neighbourhoods Fund. Funding of £400,000 is available from the Capital Programme for 2011/12 for the Big Investment Grant and £1.225m has been made available for 2011/12 from Corporate Services Revenue Budget to deliver the remainder of the activity identified within the proposed Investment Support Services Framework. This includes £250,000 Policy Option for 2011/12 for the re-focusing of support to small businesses to safeguard and create jobs, and allocations to replace activity previously funded by the Working Neighbourhoods Fund.
- 9.2 The Director of Finance confirms that the most cost effective way of procuring the services outlined in the report would be through the operation of the Council's Matrix contract. This service has been procured by Wirral Council and will enable individuals or private sector businesses to be employed on a

task and finish basis. This would enable project managers and project advisors to be employed who possess the specific skills identified as being required by Wirral businesses.

- 9.3 Market analysis has indicated that an appropriate daily rate to obtain the necessary qualified and self employed individuals would be £250 a day for project managers and £150 a day for project advisors. The cost of using the Matrix contract will be in addition to this and is likely to be within the range of 8 – 10% of the costs (with a maximum of 15%). The procurement of the Matrix contract through the Council's tender process will assist the service demonstrate value for money through the efficient and competitive procurement of staff.

10.0 LEGAL IMPLICATIONS

- 10.1 The development of an Investment Support Services Framework will need to comply with the obligations arising under the Bribery Act 2010 which comes into force on the 1st July 2011.

11.0 EQUALITIES IMPLICATIONS

- 11.1 None as a direct result of this report

- 11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 None as a direct result of this report

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 13.1 None as a direct result of this report

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SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council Budget 2011-12 Report to Wirral Council Cabinet Business Support Services	21 st February 2011
Report to Wirral Council Cabinet	14 th April 2011