

WIRRAL COUNCIL

ECONOMY & REGENERATION SCRUTINY COMMITTEE

8TH MARCH 2012

SUBJECT:	BUSINESS SUPPORT
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING DIRECTOR OF REGENERATION, HOUSING AND PLANNING
RESPONSIBLE PORTFOLIO HOLDER:	PLANNING AND REGENERATION STRATEGY
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

1.1 This report sets out proposals to expand Invest Wirral's services to compliment the New Enterprise Allowance and to expand current business support to pre-start businesses. The matter will be referred to Cabinet for consideration/approval.

2.0 BACKGROUND AND KEY ISSUES

2.1 Members should be aware that in October 2010 the Secretary of State for Work and Pensions announced that the Government will give extra help to unemployed people who want to start their own business, through the New Enterprise Allowance (NEA).

2.2 NEA is available to Jobseekers Allowance (JSA) claimants aged 18 and over who have been claiming for 26-weeks or more.

2.3 Participants will have access to a volunteer business mentor who provides guidance and support as they develop their business plan and through the early months of trading. Once a claimant can demonstrate they have a viable business proposition with the potential for growth in the future, they may be able to access financial support. This consists of:

- a weekly allowance worth £1,274 over 26 weeks, paid at £65 a week for the first 13 weeks and £33 a week for a further 13 weeks, and
- the facility to access a loan of up to £1,000 to help with start-up costs, subject to status.

2.4 The total package of support could be worth up to £2,274 to each participant who starts their own business.

2.5 Non financial support includes:

- practical help and support to prepare for self-employment
- help and support in setting up the business

- support and guidance for the first six months of trading
- 2.6 In order to receive NEA support individuals must have been claiming Jobseeker's Allowance for at least six months and be assessed as having a good business idea.
- 2.7 Blue Orchid Management Consultants Ltd (Blue Orchid) has been selected to deliver two thirds of this programme across Merseyside and St Helens Chamber is delivering one third of the Merseyside contract. Both organisations went through a tender process to win the national tender from central Government. If a new business needs start-up capital, they may also be able to access a loan up to £1,000 to help with their start-up costs. The Contract for the delivery of the loans service in Merseyside has been awarded to East Lancashire Moneyline.
- 2.8 In January 2011, the Minister for Employment announced the launch of Enterprise Clubs to complement the NEA scheme. This is a UK wide initiative targeted at unemployed people interested in self-employment. It supports the development of a network of locally-led community-based clubs.
- 2.9 The main aim of Enterprise Clubs is to help people make the most of local knowledge and resources to help unemployed people in their communities set themselves up as self-employed or start their own business.
- 2.10 They exist to empower local communities and encourage people to work together to offer additional support to unemployed people who are interested in becoming self-employed. They also help local communities to become more prosperous by encouraging private sector growth.
- 2.11 Enterprise Clubs provide unemployed people interested in self-employment with a place to meet and exchange skills, make contacts, share experiences, receive support and encourage each other to work through their business ideas.
- 2.12 The NEA scheme and Enterprise Clubs provide essential help to unemployed people in becoming self employed however, it does not include certain individuals and mentoring support is not provided past the early stages of trading.
- 2.13 The current eligibility criterion excludes people who have not been claiming JSA for a minimum of 6 months. This could include individuals in the following circumstances:
- Out of work less than 6 months
 - Part-time workers
 - Individuals in temporary jobs
 - Unemployed people not claiming JSA
 - Individuals in full time employment with a potential business idea
- 2.14 Individuals with a robust business idea that fall into any of the above categories cannot currently access business start support.
- 2.15 Invest Wirral provides a range of business support services which currently includes the Micro Business Support programme. This programme supports companies with

less than 3 staff and/or a turnover less than £100,000. It is suggested that this programme can be expanded to include help for pre start businesses that are not eligible for NEA support.

- 2.16 In such cases, Invest Wirral Micro Business Support Managers will work with individuals to develop a sustainable business plan and guide them through the stages of business start up. Master classes and workshops will also be provided covering areas such as business and financial planning, marketing and sales, legal processes and taxation, etc. Micro Business Support Managers are a self employed individuals who have been selected by Invest Wirral to provide dedicated business support services.
- 2.17 The structure to provide business start services is already in place and is complementary to the support being provided by Invest Wirral for micro businesses. The support will not include grant funding and will focus on advice and mentoring. Funding to provide the service is available using the current budget allocation to support micro businesses. Additional money may become available subject to a bid that is being developed for additional resource via ERDF, that will be reported to Cabinet for approval. The funding is expected to be in place from April 2012 until March 2014.
- 2.18 Individuals that are eligible and have participated in the NEA scheme will be able to access Invest Wirral services once the 26 weeks of NEA support is finished. Invest Wirral will work in partnership with Blue Orchid so that businesses with growth and development potential are referred to Invest Wirral to continue with support and guidance through each stage of business growth.

3.0 RELEVANT RISKS

- 3.1 The risk is that people, who are not eligible for NEA will not have the confidence or the knowledge to turn their business idea into reality and potentially the business could fail, never start or not reach its full potential.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Alternatively the scope of the Micro Business Support Managers could remain the same and not include pre start businesses. However, a clear gap will remain for support for individuals not eligible for NEA.

5.0 CONSULTATION

- 5.1 Invest Wirral has consulted with Blue Orchid to establish the gap in support services and to agree future partnership working once NEA recipients have utilised the maximum 26 weeks of support.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are no implications for voluntary, community and faith groups.

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

- 7.1 The new services do not require additional resources to enable support to be provided to new start businesses.
- 7.2 Additional funding may become available subject to EFDF bid that will report to cabinet.

8.0 LEGAL IMPLICATIONS

- 8.1 There are no legal implications

9.0 EQUALITIES IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?
 - (b) No because there is no relevance to equality.

This report does not contain implications for equality; however, future activities will be covered with an equality assessment within the business strand of the Investment Strategy.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 None as a direct result of this report

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no implications for planning and community safety

12.0 RECOMMENDATION/S

- 12.1 That Scrutiny Committee approve the expansion of the current Invest Wirral services, to include access to business support for pre start businesses that are not eligible for NEA.
- 12.2 That the matter be referred to Cabinet for consideration

13.0 REASON/S FOR RECOMMENDATION/S

- 13.1 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.
- 13.2 It is fundamental to Wirral's economy that individuals who have the drive and desire to set up their own businesses have the necessary advice and support they need to begin trading and become a success. Without an expansion of Invest Wirral services some individuals are excluded from accessing this support.

REPORT AUTHOR: *Paula Basnett*
Head of Invest Wirral
telephone: (0151) 650 6926
email: paulabasnett@wirral.gov.uk

APPENDICES

Not applicable

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Investment support services framework	23rd June 2011