

WIRRAL COUNCIL

REGENERATION AND ENVIRONMENT

POLICY AND PERFORMANCE COMMITTEE

27 JANUARY 2013

SUBJECT:	SMALL AND MEDIUM ENTERPRISE SUPPORT BY WIRRAL COUNCIL
WARDS AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR – REGENERATION AND ENVIRONMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR PAT HACKETT CABINET MEMBER – REGENERATION AND PLANNING STRATEGY

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an overview of key investment strategy activity in respect of Small and Medium Enterprises and the future opportunities being undertaken to support SMEs growth.
- 1.2 The report highlights the work and programmes undertaken to date by officers to support SMEs to access funding for development growth and highlighting emerging opportunities for Wirral Businesses.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 At Council on the 14 October 2013 (Minute 33 bullet 5) the Leader of the Council confirmed that the following report would be brought to Members on the support given to SME's.
- 2.2 Small and Medium size enterprises account for 99.9% of all private sector businesses in the UK (Business Population Estimates (BPE) for the UK and Regions 2012). SMEs employ 14.1 million people and have a combined turnover of £1,500 billion in the UK.
- 2.3 Wirral has 8,895 Micro, Small & Medium Enterprises (UK Business 2012). There are 45,400 people employed in SME's in Wirral (either as an employee or a working proprietor) (BRES 2011). Wirral's enterprise base is predominantly made up of micro-businesses with 73% of Wirral's enterprise base having 0-4 employees. Most size bands have seen an increase since 2011 however; there has been no change or a decline of those businesses which employ 20-249 people. There has been a 3.4% increase in the number of enterprises employing 0-4 employees that new business starts in Wirral have been buoyant over the last 12 months; this is the highest percentage increase for this employment band in the Liverpool City Region.
- 2.4 SME's are major contributors to the UK economy and are significant employers in the local Wirral Economy. This has been reflected by the support and focus of Wirral's Investment Strategy. Wirral's Investment Strategy aims to deliver a strong, vibrant economy with high levels of investment and employment opportunities for Wirral residents. This includes the development and support for Small and Medium sized Enterprises and has enabled SME's across the borough to grow and provide job opportunities.

Investment Support Services

- 2.4 In June 2011 Cabinet (Min 47 refers) agreed to an Investment Support Services Framework that set out the range of activities that could be taken forward to enable Wirral to offer a comprehensive service to businesses seeking to invest in the Borough. This recognised the need to promote Wirral as a preferred business location to ensure that Wirral's economic potential is realised.
- 2.5 Supporting Wirral's businesses is one of the key priorities of the Council's Investment Strategy. A critical element of this is the provision of effective and co-ordinated advice and support services to Wirral's businesses to ensure that they are supported to develop and grow sustainably. To deliver this, Cabinet approved the Investment Support Services Framework (23 June 2011, minute 47 refers) enabling Invest Wirral to offer a single point of contact and seamless advice service to support Wirral businesses.
- 2.6 Invest Wirral currently provides a range of business support services including:
- Locating business premises – Invest Wirral attracted investments approaching £20 million and secured nearly 1,000 jobs during 2011/12;
 - Business advice – the provision of expert guidance including workshops and seminars and access to business investment finance;
 - The launch of a 'Business Angels' network to provide investment in fast growing enterprises;
 - Wirral Business Forum, an on-line business communication service offering opportunities for local inter-trading and development, with a growing membership of over 2,800 Wirral business people;
 - A comprehensive SME business support programme through providing support and advice to businesses on key elements of business growth and employment opportunities.
- 2.7 The business support programme has been positively received by SME's with over 500 receiving advice and support. In November 2012 the Council through the Liverpool City Region LEP secured additional ERDF monies to continue providing business support to Wirral Businesses until March 2015.
- 2.8 In addition Wirral businesses will benefit from an ERDF funded programme that has been co-ordinated by the LCR LEP and will be delivered through Invest Wirral. The New Markets programme will deliver part funded support packages tailored to the needs of high growth businesses and to those businesses with the potential to export or to increase exports. This will enable SME businesses to take full advantage of opportunities to grow and to generate increased GVA and employment as a result. As well as ensuring that businesses benefit from client centred support, the programme will be configured in a way that allows SMEs to select appropriate support providers and will therefore stimulate the private sector to supply appropriate services for the needs of the SME.
- 2.9 As Members may recall in November 2012 Cabinet (item 139) the Wirral Investment Network and Egerton House Ltd merged to form the Wirral Business Partnership. The Wirral Business Partnership has now merged with the Wirral Chamber.

- 2.10 The Wirral Chamber is a membership organisation which provides business support to Members. The Wirral Chamber works closely with the Council's Invest Wirral Team to provide a comprehensive business support service.

Council Payment to SMEs

- 2.11 The Council is committed to pay SMEs providing goods and services to the Council within 10 days. It is important for SMEs to be paid promptly as cash flow and the ability of companies to bank roll finance is usually limited.
- 2.12 Officers are currently in the process of identifying local SMEs that can be paid from the Council within 10 days. By focusing on payments to local SMEs, the costs and resources required for processing the payments will be reduced. Further work on this is being undertaken by the Council's Procurement team.
- 2.13 The Council currently has a target of ensuring 25% of SMEs are being paid within 10 days. This target is being reviewed and the results of payments are monitored on a monthly basis.
- 2.14 The Council's Procurement team are in the process of engaging one extra Payments Clerk to accommodate the increased workload for processing payments within 10 days. This payment service is also part of the Shared Service agenda.
- 2.15 The Council's procurement team are introducing a payment by purchase order only process which will ensure that all transactions for services and goods are managed through the electronic procurement system. Invoices are then submitted by suppliers directly to the central payments team for payment, they can be matched against the iProcurement system records and payment can be made promptly. This system is designed to reduce time and minimise delays and errors in payments. The intention is for this procedure to be in place at the beginning of December.
- 2.16 The Council are also developing a P Card service for selected low value transaction types that will eliminate the requirement to receive invoices. The P Card operates within a system of stringent controls and will allow payments to be made more efficiently with a target of payments within 4 days.
- 2.17 The Council's Procurement team are working to ensure that all of the systems are in place to guarantee prompt payments are made to SMEs to ensure that the Council is doing all it can to support our SME companies to maintain a positive cash flow and allow SMEs to continue providing services to the Council.

Social Value Act

- 2.18 In 2012 the Government enacted the Social Value Act 2012. The passing of this act means that under certain circumstances all public bodies in England and Wales are required to consider how the services they procure might improve the economic, social and environmental well-being of the area.
- 2.19 This Act means that in certain circumstances, where other factors are not prevalent such as framework agreements or matters of urgency, then the authority must consider this act. There is potential for this to be a positive step for Wirral's SME's.
- 2.20 A number of initiatives and actions are currently being developed in Wirral and across the Liverpool City Region in relation to Social Value, particularly in relation to

using public sector procurement to maximise local economic impact including jobs for residents, and opportunities for local businesses and supply chains.

2.21 This work has been taken forward in a number of ways, including a task and finish group of Procurement Managers, Employment & Skills, and Business Support Colleagues from across the City Region. The three main areas of work currently being considered are:

- ensuring procurement activity includes a focus on delivering jobs and skills - this work is being undertaken by the Merseyside Procurement Partnership;
- ensuring that local businesses (especially SMEs) are 'tender ready' and aware of opportunities that present;
- working with businesses to promote the value of them engaging to deliver the City Region's wider economic aspirations.

2.22 Local Councils across the City Region have produced a Charter for Skills and Jobs. This charter has now been agreed as a future way of working for the City Region.

2.23 Wirral's Public Sector Board (PSB) has also gained commitment from key local public sector partners to strategically join up approaches, and as a result a Social Value Task Group has been established. The group are looking to take forward a number of action points which include:

- producing a local toolkit to help organisations understand, deliver and measure outcomes relating Social Value;
- consider undertaking a mapping exercise to establish local spend by value, SMEs, voluntary, community and faith sectors.

2.24 Work is on-going to ensure the implementation of the Social Value Act, embedding it into Wirral Councils processes and systems.

Financial Assistance to Businesses

2.25 As Members will recall, the Council has been successful in securing £5million of Regional Growth Fund to support development in the Offshore Renewable Energy sector. As part of this programme, funds are available to businesses which are looking to move into the offshore energy market or who are looking to grow their business in this area.

2.26 Wirral as part of the Liverpool City Region Local Enterprise Partnerships Regional Growth Fund, has secure £10million to support SME's in the Liverpool City Region (LCR) as well a further £5m to give smaller grants to businesses in the LCR. Wirral is working closely with partners to ensure that this funding opportunity is maximised for Wirral Businesses and that the benefits are felt for the people of Wirral.

2.27 Businesses in Wirral have the opportunity to apply for funding to support business growth and development and this funding is available until March 2015. In addition the Council has resources available through the Think Big Investment Fund to support businesses outside the scope of the RGF programmes.

Future Funding Opportunities

2.28 Work is on-going on the emerging EU programme 2014-2020 which is being led by the LCR Local Enterprise Partnership. The emerging theme portfolios are:

- Blue/Green Economy
- Business Economy
- Innovation Economy
- Place and Connectivity
- Inclusive Economy

2.29 The LEP submitted a draft of the portfolios to Government in October with a final submission at the end of January 2014. The new programme will provide potentially provide several opportunities for SMEs to access funding and business support. The programme is still being finalised, however, supporting business start ups and business support has been identified as a key element of the new programme.

3.0 RELEVANT RISKS

3.1 Ensuring that Wirral is involved in key discussions regarding the emerging EU programme so that funding opportunities are maximised for Wirral Businesses.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options are considered as apart of this report

5.0 CONSULTATION

5.1 This report is consistent with the principles of Wirral's Investment Strategy, which provides the framework for business support activity and this has been reviewed following an extensive consultation with partners. Wirral will continue to work with partners to progress the work around social value act, regional growth fund and the new EU programme.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 None as a direct result of this report.

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

7.1 None directly as a result of this report.

8.0 LEGAL IMPLICATIONS

8.1 Businesses supported by the Regional Growth Fund programme will be subject to State Aid rules and it will be necessary to ensure compliance with these. Where necessary expert legal advice will be taken to ensure compliance.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) Yes and impact review is attached for Wirral Investment Strategy – <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/regeneration-housing-planning>

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 direct implications as a result of this report.

12.0 RECOMMENDATIONS

12.1 To note the range of activity taking place to maximise the opportunities for Wirral businesses especially SMEs to grow and create jobs within the borough.

12.2 Update Members on the strategic direction of travel in relation to support for Wirral's Small and Medium Enterprises and ensuring that Wirral's SME's continue to be a priority for the Council's Investment Strategy.

13.0 REASONS FOR RECOMMENDATIONS

13.1 To ensure that the Investment Strategy focus is maximising support for SMEs in Wirral.

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REFERENCE MATERIAL

The Investment Strategy 2011-16: Wirral Council website (<http://www.wirral.gov.uk/my-services/business/investment-strategy>)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council: Leaders Executive Members and Policy and Performance committee report	14th October 2013
Cabinet: Egerton House	29th November 2012
Cabinet: Wirral Business Support Programme	8th November 2012
Cabinet: Investment Support Services Framework	23rd June 2011