



Report to the Economic and Environmental Wellbeing Scrutiny & Policy Development Committee – 20th December 2017

Report of: Edward Highfield, Director, City Growth

Subject: Support for Small Businesses in Sheffield

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Summary:

The Committee wishes to understand, what support is on offer for small and medium sized firms in the City, what the impact of that support is and also, whether or not we are providing the most appropriate support. This report provides an overview of the issues faced by the City in relation to its business population and economy more generally, outlines the overall support available to small firms generally and specifically considers the support provided by the Council through the “Business Sheffield” brand. It also touches briefly on support provided – often indirectly by other parts of the Council.

Type of item: The report author should tick the appropriate box

| | |
|---|---|
| Reviewing of existing policy | X |
| Informing the development of new policy | X |
| Statutory consultation | |
| Performance / budget monitoring report | |
| Cabinet request for scrutiny | |
| Full Council request for scrutiny | |
| Community Assembly request for scrutiny | |
| Call-in of Cabinet decision | |
| Briefing paper for the Scrutiny Committee | |
| Other | |

The Scrutiny Committee is being asked to:

- note the current support provided by the Council, against the background of the economic/business data and what that tells us about our challenges;
 - consider the impact being achieved;
 - provide evidenced feedback on its views of the adequacy of that support; and
 - suggest any recommendations for changes in policy or content.
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Background Papers:

There are no background papers.

Category of Report: OPEN

Report of the Director of City Growth Support for Small Businesses in Sheffield

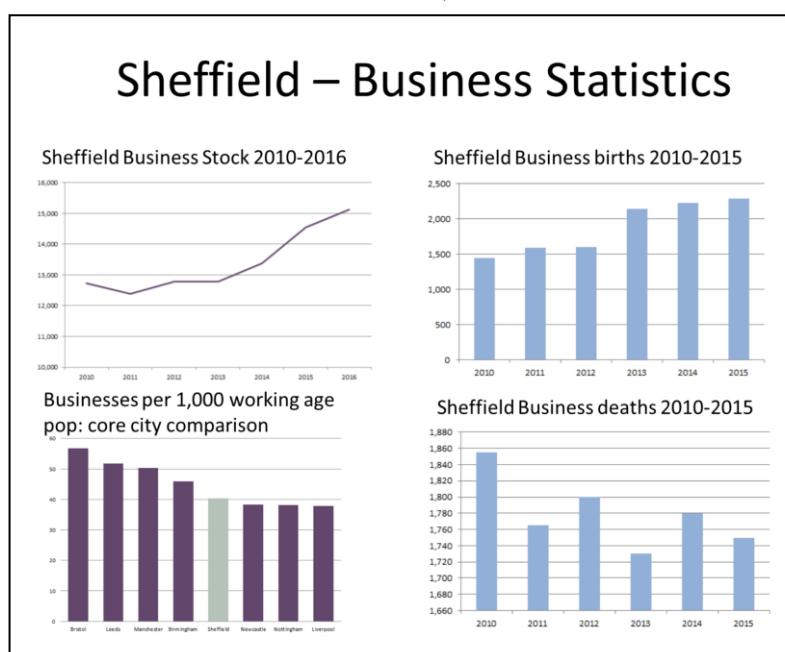
1. Introduction/Context

1. The Committee wishes to understand, what support is on offer for small firms in the City, what the impact of that support is and also, whether or not we are providing the right support. This report provides an overview of the issues faced by the City in relation to its business population and economy more generally, outlines the overall support available to small firms generally and specifically considers the support provided by the Council’s City Growth Department through the “Business Sheffield” brand.
2. The report also touches briefly on other areas of support within the Council which are less obvious, but should be considered alongside more mainstream activity. These include Environmental Health and Licensing, Business Rates and the Lifelong Learning elements of the People’s portfolio.

Context

3. Sheffield is a small business economy. 86% of our registered 15,905 firms employ less than 10 people with 1% of our businesses which are classed as large companies (employing over 250 people) equating to 65 businesses. We have plenty of world class SMEs operating in international markets and key supply chains and our SMEs have shown resilience in the last recession – possibly with the exception of those who were active in the oil and gas sector. However, our analysis still identifies a number of underlying weaknesses insofar as:

- Our business stock has grown, but at the slowest rate of any of the core cities;
- We have seen an increase in business births, but this remains well behind the core cities and national average;
- Too high a proportion of our SMEs are trading local and regionally;
- Despite perceived strengths in manufacturing, digital and healthcare technology,



we still have few too businesses in ‘knowledge based’ sectors.

1.4 It is against this background and the backcloth of national support that the Business Sheffield programme has been developed in order to:

- Increase the number of business starts;
- Add to the stock of businesses in the City, in particular by reducing failure rates; and
- Supporting sustained growth and investment.

2. Support for Sheffield SMEs

- 2.1 Support can be looked at in several different ways; ie by geography, by organisation, according to the type of business or by theme eg export or innovation. Without over-complicating the report, it is probably necessary to look briefly at all of these.
- 2.2 **National:** Since 2014, Government funding for generic business services has become very limited. At a basic level the Government funds the national business support help line which is essentially a sub-contracted call centre designed to provide base level information on; eg, tax and company formation and to direct businesses to local services. Through the Gov.UK website, the helpline also provides access to helpful material such as business plan and cashflow templates. Overall, this is helpful but very much a baseline resource.
- 2.3 The Government also continues to provide export support through the Department of International Trade (DiT). Delivered through regional teams, the support helps new and existing exporters to develop export plans, identify and research target markets and make contact with potential customers through trade missions and trade fairs. The service is comprehensive and well regarded, although in recent years, the resource has increasingly been targeted on key markets such as China and India and on initiatives and events (eg trade missions) delivered under the banner of the Northern Powerhouse.
- 2.4 **Regional:** Support at the Sheffield City Region level is delivered through the SCR Growth Hub. This was established two years ago to provide a comprehensive and consistent business support service to all businesses across the City Region. SCC was actively involved in the development of the initial model which revolved around establishing a strong core of advice and guidance – eg through highly experienced business advisors – together with a series of ‘centres of excellence’ designed to provide more detailed and specific input in areas such as finance, innovation, skills, export and business start-up.
- 2.5 The core Growth Hub team is now well established and their advisors are active in the region. In respect of Sheffield, we have an agreement that SCC’s Business Sheffield team will largely deal with the majority of Sheffield enquiries and this demarcation largely works. In respect of the centres of excellence, these have not followed a single model and have achieved mixed success. The Access to Finance team is highly regarded and has supported several hundred businesses in their search for growth finance. Similarly, the Skills Bank has supported many SCR firms with their training and upskilling efforts. However, export has never developed into a CofE and is largely just the services offered through DiT mentioned above, with a relatively minor local

grant enhancement. Likewise on innovation, where notwithstanding an excellent innovation programme run by Sheffield Hallam University, we have no coordinated, strategic approach to providing SMEs with easy access to innovation support. The start-up support is actually delivered by the Local Authorities through their own services – Business Sheffield in the case of SCC (see below).

2.6 There are a number of institutions delivering important sources of support. This list is not comprehensive, but includes:

- The **University of Sheffield and Sheffield Hallam University** who both run start-up programmes and offer access to some innovation support through the Sheffield Innovation Programme and more advanced products such as Knowledge Transfer Partnerships. The impact Universities can have on SMEs is significant, although their reach into the small business community is often regarded as limited.
- **Sheffield Chamber of Commerce and Industry** - this is a membership organisation with over 1,000 members in the City. The cost of membership varies depending on the nature and size of the business but is typically in the region of between £300-400. Member benefits broadly span ‘representation’, business services and workforce development. Business services are wide ranging but typically cover: health and safety, legal advice, support with tax and VAT issues and business signposting.
- In the area of workforce development, the Chamber offers a wide range of courses across most aspects of business. The offer is comprehensive and is often delivered in partnership with FE institutions or private sector providers. Course costs can range from £250 for 1 day for members to up to £1000 for sessions of longer duration.
- One of the strongest aspects of Chamber support is international trade. The Chamber is accredited to provide export documentation, organises specific export trade events and has access to international markets through the Global Business Network. This consists of partnerships with British Chambers of Commerce in 60 overseas markets which can help Sheffield’s SMEs to research and secure a foothold in key growth export markets.
- The **Federation of Small Business** is a national representative organisation with Sheffield covered by the South and East Yorkshire branch. Membership benefits include; employment law advice, tax advice, health and safety updates, online legal documents, business banking, crisis management and lobbying government on issues affecting small business.

Sheffield City Council’s “Business Sheffield” programme

2.7 Business Sheffield provides business support across the whole spectrum; from residents who have a business idea to the largest businesses in the city. The service comprises the following key elements:

- **Workshops for individuals at pre start stage** – delivered by Business Sheffield’s two Start-Up Advisors, these are designed to help an individual develop their idea and understand whether it is viable. The programme is

organised around three start-up workshops covering: idea viability, business planning and market research; financial planning and registering the business (eg for tax and purposes). In addition to the workshop programme the Start-Up Advisors also deliver one to one support for clients progressing through the workshops requiring more specific and tailored advice.

- **Business Sheffield Masterclass Programme** - for early stage and established small businesses, this masterclass programme covers a wide range of business topics. A sample of the events calendar is attached at Appendix 1. This is delivered by the Business Sheffield team where we have the expertise or through the private sector on a pro-bono basis.
- **Business Advisor Support for early stage business** – the Business Sheffield team includes two Business Advisors with many years of experience of working with small businesses through the most difficult early years tackling challenges such as acquiring new customers and managing cashflow.
- **Sales and Marketing Advisor** – many of the issues associated with business growth and survival revolve around sales and marketing. The Business Sheffield team includes a specialist in this field who delivers several relevant masterclasses and one to one support.
- **Quarterly Networking Event** – an extremely successful series of events, regularly attracting 100 businesses and a great source of new clients – both new starts and existing businesses.
- **Growth Advisor Support** – this is the element of the service that targets well established growing SMEs. We have a team of 7 sub-contracted Growth Advisors, with a wealth of private sector experience who have caseloads of between 20-30. They work with these businesses to support strategic growth planning and specific strands of work to help them achieve their aims.
- **Key Account Managers (KAMs)** – the team contains two KAMs who are responsible for working with the City’s largest businesses to ensure that they remain and re-invest in the City. This can include helping them in their investment plans or simply ensuring that all relevant parts of the Council are supporting their development and growth.

2.8 Promoting business support from within the public sector is always a challenge. Pre-starts and existing businesses are very different markets and there is no one solution to getting the message out. For example, the Business Sheffield Facebook page and twitter account works especially well for promoting the service to early stage clients, as does the regular networking session. On the other hand, we find that promotion of the Growth Advisor and KAM service works much better through the intermediary network of Banks, Accountants etc. To this end, we organise a series of events each year for the ‘professional’ sector to communicate major developments in the City and provide updates on the programme. Underpinning this, Growth Advisors and KAMs regularly meet contacts within this sector in order to maintain the profile of the service.

2.9 In terms of impact of the programme, there is no way of easily linking business support inputs to macro outcomes such as gross value added. However, our activities are driven by the themes mentioned in 1.4 above and are clearly

designed to contribute to business sustainability and growth. The following is a snapshot of the outputs achieved by the programme in the most recent 12 month period:

- 1000 individuals/businesses accessing the programme
 - 450 pre starts per year on workshops
 - 250 starting up
 - 200 small/early stage businesses receiving 1-2-1 support with Business Advisor
 - 700 people/businesses accessing the masterclass programme
 - 140 established businesses receiving ongoing growth support from a Growth Advisor
 - 100 'key accounts' visited and supported.
- In addition to the above, we run a regular Advisor survey which demonstrates satisfaction levels with the service of over 90%.

Supply chains

2.10 The Committee have previously expressed an interest in understanding more about the approach we have taken to working with the likes of Boeing and McLaren on supply chain activity.

2.11 Since the latter investment was announced in February, we have been working closely with the company's procurement team to identify supply chain opportunities in Sheffield and the SCR. This has basically involved us working with a specific 'shopping list' of over 100 items relevant to both the Sheffield and Woking plants to find potential suppliers with relevant accreditations and broker introductions.

2.12 So far, we have achieved one major success with Sheffield Business Simpson Patterns who have secured a £100,000 order and look forward to further business.

2.13 A major reason for Boeings attraction to Sheffield was that they had already identified eight potential supply chain companies in Sheffield. What we have been able to do is take this supply chain to 12 Sheffield businesses which will continue to build. The opportunity that this brings to Sheffield companies to supply Boeing on a global scale is enormous.

3 Wider Implications

3.1 **Legal and financial** - There are no legal implications for this service. In terms of finance, the service is core funded through the City Growth Department and generates in the region of £150,000 each year through European Funds to support revenue. We are also in receipt of significant in-kind support from private sector partners who deliver workshops and events for us. This has not been quantified.

3.2 **Environmental** – none.

3.3 **Human Resources and Equality of Opportunity** – there are no particular HR issues although it should be noted that the team is a mixture of SCC staff and self-employed consultants in order to provide the breadth of experience and

skills we need. In respect of equalities, the programme is open to all residents and businesses and is widely promoted. Equalities data produced for the Place equalities dashboard does demonstrate that the reach to individuals from minority communities is positive at around 23%.

4. What does this mean for the people of Sheffield?

- 4.1 The Business Sheffield programme and wider support activities address key economic issues for the City. Maintaining support for SMEs and encouraging further investment is creating and sustaining employment and the start-up service often provides a pathway for individuals who are either not suited to structured employment or are pursuing alternative lifestyles.

5. Recommendation

- 5.1 The Committee is asked to consider the report and provide views on the overall level of support in the City, the Business Sheffield service in particular and any perceived gaps or issues based on feedback members may have had from businesses in their wards.