

Regeneration Scrutiny and Performance Panel

**Agenda
Item No. 5**

15 March 2012

Creating and Sustaining Business in Walsall

Ward(s) All

Portfolios: Councillor A. Andrew – Deputy Leader and Regeneration

Report:

The Regeneration Scrutiny and Performance Panel, at its meeting held on 13th June, 2011, identified the need to investigate how the Council could create new business and a skilled workforce in Walsall. Statistics show that Walsall needs over 2,000 new businesses to reach the same business density levels as the UK average. To this end two work streams were established. One to investigate how to support local people starting their own business and the other to review how local people could be helped to sustain their existing businesses.

The Business Start Up Working Group has held a meeting with the Princes Trust and the Princes Initiative for Mature Enterprises to gain an understanding of how the two organisations assisted local people with setting up their own companies. The working groups findings and recommendations are appended to this report.

At the meeting Councillor Carpenter will provide feedback on behalf of the Business Sustainability Working Group following his attendance at a business networking event.

Recommendations:

That,


- 1. subject to any comments that Members may wish to make, the report of the business start up working group be noted.**

and;

- 2. a report be presented to the 23 April 2012 meeting of the Panel to present the conclusions and recommendations of the two working groups.**

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Starting a Business in Walsall

Interim report following a meeting with Princes Trust and PRIME



To be presented to Regeneration Scrutiny and
Performance Panel on 15 March 2012



Walsall Council

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Introduction

The Regeneration Scrutiny and Performance Panel, at its meeting held on 13th June, 2011, identified the need to investigate how the Council could create new business and a skilled workforce in Walsall. Statistics show that Walsall needs over 2,000 new businesses to reach the same business density levels as the UK average. To this end two work streams were established. One to investigate how to support local people starting their own business and the other to review how local people could be helped to sustain their existing businesses.

Terms of Reference

The draft terms of reference for both work streams were considered and agreed at the first meeting of the Working Group held on 6th July, 2011 and subsequently approved by the Regeneration Scrutiny and Performance Panel 28th July, 2011.

The interrelationship between the two work streams was recognised and it was agreed that the Regeneration Scrutiny and Performance Panel would co-ordinate the tasks that each working group completed.

The full version of the Working Groups terms of reference can be found at Appendix 1 to this report.

The Working Group was supported by two Officers:

Zoe Slattery
Craig Goodall

Think Walsall Team Leader
Scrutiny Officer

Methodology

The Working Group attended an event that was operated by the Council Economic Development Team titled 'Access to Finance'. At the event a range of banks, other finance providers and business services gathered to provide the opportunity for local businesses to come along and discuss their needs with professional service providers.

The working group attended this meeting and interviewed a selection of the event attendees.

Witnesses

The working group interviewed the following witnesses:

Barbara Wilcox
Nick Bunting

Programme Manager
Chief Executive Officer

Princes Trust
Princes Initiative for Mature
Enterprises (PRIME)

Report Format

The report is a summary of the evidence the Working Group received from each witness, along with comments and suggestions for future action. As this is an interim report only action recommendations are made.

Learning

Princes Trust

The working group met with the Enterprise Programme Manager from the Princes Trust.

Members learnt that the purpose of the Princes Trust was to assist young people aged 18–30 decide whether or not to set up their own business. If a young person did decide to set up their own business the organisation provided a structured programme that enabled applicants to:

- establish whether they wanted to be self employed;

And, if so, followed by a four day course where they learnt about:

- Managing finances
- Business planning
- Taxation
- Marketing and selling

Each new business was assigned a volunteer mentor who they met with once a month for the first year and bi-monthly in year two. Business mentoring was recognised as critical to the development of new businesses and a key factor in the success of the Princes Trust where 60% of businesses set up through the organisation were still trading after 3 years.

In Walsall the Princes Trust had been in contact with 200 young people through the Enterprise Programme. This has led to 26 businesses being established by 30 local people in 2011.

In the main referrals came from Jobcentre Plus but could come from many other sources too.

The majority of businesses set up were sole traders in lifestyle trades such as: design, hairdressers and beauticians.

Low interest loans (3% APR) of between £500 – £4,000 were available. Repayments for the first six months were limited to £20 a month. Loans were awarded after credit scoring and were not necessarily available to all businesses. For example, loans would not typically be made available to retail businesses.

The Princes Trust was required to raise all its own funding. Current sources included European sources, the Department for Work and Pensions and Pertemps.

In terms of challenges in the long term securing funding was an ongoing issue but practically the organisation appreciated support such as help with provided rooms to hold meetings and training events in across the area. For example the majority of training for the area currently took place in Wolverhampton College.

The working group were pleased to hear about the good and active work the Princes Trust were undertaking across the West Midlands and felt that it should be supported. Members were keen that where possible venues for meetings and training should be provided in Walsall for little or no cost to enable more events to take place in the borough.

Prince Initiative for Mature Enterprises (PRIME)

The working group met with the Chief Executive Officer of the Princes Initiative for Mature Enterprises (PRIME).

PRIME existed to help people over the age of 50 investigate self employment and set up their own business should they wish to do so. This work was undertaken in a similar way to the Princes Trust, however, PRIME was a smaller organisation when compared to the Princes Trust and was currently seeking to appoint a lead officer for the West Midlands.

The working group learnt that there were 11 million over 50's in the UK, of which 4 million were seeking work. There were 400,000 considering starting their own business. This shows that approximately 1 in 3 of the over 50's were classed as workless which is a much higher figure than under 50's, where the chances are 1 in 5. Evidence demonstrated that once out of work the over 50's had a much lower chance of getting another job.

Evidence also showed that business start ups by over 50's had higher survival rates. 48% of over 50's new businesses were still trading after 5 years compared to 23% for under 50's. Barclays have reported that 25% of their new business comes from the over 50's.

The working group recognised that it was not just young people who were not in education, employment or training (NEET) that needed assistance but NEETs of all ages. Members felt it was important that PRIME were able to discuss these issues with the Black Country Local Enterprise Partnership.

In terms of barriers to tackling worklessness it was felt that having to wait six months until a person could claim New Enterprise Allowance (i.e. claim benefits whilst trying to become self-employed) held people back. As if a person was planning to launch themselves into a business they were more likely to do it early on in their period of unemployment rather than wait six months. By paying the New Enterprise Allowance earlier more people could be supported into self-employment.

The idea of the Council acting as business creator/motivator was discussed. Specifically, the example of staff under the threat of redundancy. Training and support could be offered to at risk staff before redundancy to assist them in working for themselves in the future. Further work on this avenue could take place with staff around social enterprises who could in turn sell services back to the Council whilst utilising the skills and qualifications of former staff.

Another barrier existed around the stigma of business failure. It was noted that being in business came with a learning curve and as knowledge increase over time so do chances of success. Therefore individuals who may fail in one business should still be encouraged to try again.

Conclusion

Both the Princes Trust and PRIME are undertaking excellent work assisting people start their own businesses. This is completed by preparing people for self employment, providing structured training and ongoing support.

Members concluded that it was important that the advice and resources of these advice centres should be available to all age groups and not just limited to under 30's and over 50's. Members also felt that whilst the focus on young people who are NEET was welcomed it should not be at the expense of others in society.

It was felt that the Council could assist these organisations with job creation activity through in-kind support such as providing meeting venues and networking opportunities. In particular the working group wished the Black Country Enterprise Partnership to engage with PRIME regarding over 50s NEETs policy.

Another way that the Council could contribute to job creation was through providing staff enterprise training. Particularly for those staff at risk of redundancy.

Recommendations

That:

- 1. regional and local economic policy assist all local people classified as 'not in employment, education or training';**
- 2. the Black Country Enterprise Partnership discuss over 50s job creation and employment issues with Prime.**
- 3. the Council offer in kind support to the Princes Trust and Prime if requested;**
- 4. the Council offer 'Employment to Enterprise' programmes for staff. Particularly those at risk of redundancy.**

Working Group Terms of Reference - Appendix 1

Purpose:

In support of a successful Walsall economy;

1. How do you successfully start a business?
2. How do you successfully sustain a business?

Principles

- Important to have a clear focus
 - Concentrate on one area at a time.

Work streams

- Create the conditions for successful and sustainable business
 - Need to understand business failures and successes
 - Is there a lack of business management skills?
 - Is paperwork/regulation a barrier?
 - Is the right business support available?
 - Are the right skills available in the workforce?
- Need to create the right conditions for new business to grow and succeed:
 - Is the right support available?
 - Would managed work space be useful?
 - How do businesses access information?

For both areas there is a need to identify current good and successful practices and to explore how to continue them moving forward in a time of change and cuts in traditional business support funding and activities?

It was also considered important to look at how we could begin to create the conditions to revive a flagging economy, with a suggestion of focussing on potential growth areas, with the first area of focus being:

- The opportunities provided through the; Green Build and Low Carbon economy, looking at potential sector and its growth opportunities, and the potential for a green build Expo in Walsall.
- It was also noted that; the role and future potential for Social Enterprise and the Voluntary & Community Sectors in the development of our economy should be considered throughout this work.

How

- Focus on particular sectors of employment/industry. Apply the analysis and learn general lessons.
 - Start up
 - Sustainability
 - Opportunities
 - Threats
 - Workforce

- Experiences
 - One business sector, e.g.: manufacturing/retail/low carbon
- Consider key facts from business survey
 - Use start up and failure data
 - What is the experience of business support services?
- Compare experiences of successful and failed businesses- case studies
- Map / follow the customer journey's
- Follow the journey of groups/individuals and compare perspectives:
 - Someone/a group starting a business and follow progress (breathing space cohort...?).
 - A group of young people searching for work.
- How do partners work together?
 - Do partners compete rather than collaborate?
- Engage with:
 - Businesses directly (face-to-face)
 - Events:
 - Meet the Buyer
 - The Big Event
 - Walsall Loan Fund
 - Trade Walsall Forums
 - Networking forums:
 - WOW
 - B to B
 - Social Media
 - Linked In
 - Twitter
 - Facebook
 - Representative Groups
 - Chamber of Commerce
 - Council contacts (LEA survey)
 - Focus groups
 - Visit businesses directly
- Use existing data for background and profile building
 - LEA Survey results
 - Use diagrams and graphs as well as narrative approaches
- Commission research from local universities/academics?
 - Wolverhampton University
 - Professor Ian Noakes

- Focus on particular sectors of employment
 - Youth employment
 - Others to be determined
- Consider key facts from business survey
 - Use start up and failure data
 - What is the experience of business support services?
- Compare experiences of successful and failed businesses- case studies
- Can public sector resources be used to support employment / training/ disadvantage and disability?

END