

Regeneration Scrutiny and Performance Panel

16th July 2012

Agenda
Item No. 5

Starting a Business in Walsall

Ward(s) All

Portfolios: Cllr A Andrew – Deputy Leader and Regeneration

Executive Summary:

During the 2011/12 review period Scrutiny Panel members developed a work stream looking at how businesses are created and sustained in Walsall. It was agreed to continue to monitor progress against the recommendations as a whole later on during the 2012/13 year.

But in the short term, Members wished to develop a theme around business start-ups to continue the work which took place last year and raise their understanding of what's in place etc. To this end the Chair of the Panel has asked that Members conduct their own research into the quality and accessibility of business start up initial advice so it can be discussed at the meeting.

To start with, the following extract from the Local Economic Assessment (LEA) for Walsall sets out the current survival rates for new businesses, based on the latest information available to us;

Business survival

The ONS *Business Demography: Enterprise Births and Deaths* data series tracks the survival rate of enterprises. The latest dataset available relates to 2010, with data showing yearly survival rates up to a maximum five-year survival for those businesses established in 2004 and 2005.

The table below shows that while over nine in ten enterprises survive for at least a year, this falls to less than two-thirds surviving for three years and only half for four years. Only four out of ten new businesses in Walsall are likely to still be trading after five years.

The borough saw one year survival rates improving up to 2007, and even slightly higher the national survival rate. However, the effect of the recession has meant that survival rates in 2010 were much lower than in previous years. For example, only three-quarters of new enterprises (74.8%) set up in Walsall in 2008 survived the two years to 2010, compared with 83.4% of those established in 2007 surviving two years into 2009.

Table 1: Survival rates of enterprises, Walsall, 2004-09

		Percentage survival rate (by year 'born')					
		Businesses established ('born') in:					
		2004	2005	2006	2007	2008	2009
% new businesses still active after:	1 year	93.8	96.6	97.1	97.6	93.8	93.1
	2 year	77.0	78.2	80.1	83.4	74.8	..
	3 year	63.2	62.2	65.7	62.0
	4 year	51.7	53.0	50.8
	5 year	43.1	43.0

.. data not available

Source: Business Demography 2010, ONS

The figures show that for those businesses started in 2004 and 2005, less than half survived after 5 years. This low business survival rate level is hindering our ability to create additional jobs within the borough of Walsall.

In addition a number of factors need to be taken onto account which include;

- The recession
- Reductions in public funding available
- The loss of key local business support bodies (Business Link etc.)
- Restructuring of Regional Agencies and the loss of some key bodies (AWM, GOWM, etc.)

The Council together with a range of partners are continuing to both deliver appropriate services and act as mediums, which both support and link local people and indeed existing companies to find the support they need to both start and sustain a business.

One example is where the Think Walsall business support team awarded 64 grants as part of the Council's 2010/11 Working Neighbourhood Fund programme, assisting new business start ups across a range of sectors.

These businesses are being monitored and contacted at six monthly intervals by the business support team, enabling them to benefit from any new products and services that are available either from ourselves or partner organisations.

The following shows where they currently stand:

Through our support 22 businesses started trading in **2011, all 22 (100%) are still trading**

Through our support 42 businesses started trading in **2010, 28* (67%) are still trading**

*Note, we have not been able to contact 7, and assume they are no longer trading, so the success rate could be higher.

This recent profile mirrors that presented by the Local Economic Assessment (LEA) figures on Business Survival rates from 2004 and 2005 included in Table 1 previously, which led to only 43% surviving by their fifth year.

The reasons given as to why the majority of the businesses failed, was due to a lack of experience, (even though some support was available), in marketing their products and services, and their lack of business development knowledge.

With the recent recession and subsequent austerity measures, the region lost a number of key organisations, which traditionally offered local support, they include: Advantage West Midlands (AWM) and Business Link (now only accessible through a call centre or the internet). This leaves very little locally accessible one-to-one support for local people and businesses and even less financial support.

We have set out for panel members within Attachment A, what we believe to be the current support available within Walsall.

In May 2012, the Lord Young – “Make Business Your Business” is the first comprehensive report on small and medium sized enterprises (SME’s) since the Bolton Report in 1971, which seeks to highlight some of the key developments that have helped to promote enterprise in this country and indeed some of the issues hindering progress.

The report also includes a guide to starting and developing a new business, which includes links to web based support, Case / Success stories and ICT addresses of where additional information can be obtained.

The full report can be accessed through the following link / address:

<http://www.bis.gov.uk/assets/biscore/enterprise/docs/m/12-827-make-business-your-business-report-on-start-ups>

We will, through officers, look into and evaluate the contents of this report and feed back to panel members at future meetings.

Reason for scrutiny:

The borough of Walsall needs to create an additional 2,000 successful businesses if we are to reach the national average. In addition, it needs to ensure that the existing 7,500 businesses in the borough grow and are sustained in order to reach the national business start up and success rate levels for businesses.

Scrutiny panel will build on the previous work and continue to advise on and monitor progress.

Recommendations:

That Members;

- 1. Note the contents of this report and Attachment A, setting out the current levels of known support.**
- 2. Ask officers to continue to report on what's available or developed to aid the development of new businesses.**
- 3. Note the publication of the "Make Business Your Business2 report and ask officers to investigate and report back.**

Background papers:

Local Economic Assessment (available on request)
Ekosgen Sector Study (available on request)
The "Make Business Your Business" report, accessible through the hyperlink / address above.

Resource and legal considerations:

None

Citizen impact:

None

Environmental impact:

None

Performance management:

None

Equality Implications:

No

Consultation:

Walsall Council Strategic Regeneration Team members and Key Partners

Contact Officers:

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Attachment A - Business Start up Support available with the Walsall Borough (July 2012)

Walsall Council – Think Walsall / Business Support

The business support / Think Walsall team at the Council can offer the following services:-

Property searches by utilising the Co-Star data base which gives us access to all the properties advised by the commercial agents/developers across the UK, we can search for properties that will meet the client's specific requirements. We also have a good relationship with the local agents and often assist the client when negotiating deals with the agent.

We also work closely with the business rates team and can assist businesses, to see whether they are eligible for any rate relief /reductions.

The Town Centre Innovation Fund which is specifically for retail businesses, that will be based within Walsall Town Centre. The fund will pay the business rates on selected properties for up to 12 months. However this is a new initiative that will be available in the autumn of 2012 once all of the legalities and criteria are finalised.

Trade Walsall is funded through (Working Neighbourhood Fund) and offers a range of programmes and activities aimed at meeting the needs of Social Enterprise type of business. All the support through the Trade Walsall programme is free. Please note this programme is due to finish at the end of July 2012.

Think Walsall provides local procurement opportunities by offering meet the buyer events that match local companies into new purchasing opportunities. We are currently remodelling the teams that provide this support to add; Inward Investment and supply chain development. These services will be available to those who are looking at the development of new business opportunities etc.

Other support offered by Key Partners, Including;

Job Centre Plus

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

Participants will get access to a volunteer business mentor who will provide 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 will be able to access financial support. This will consist 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. This has to be repaid.

The total package of support could be worth up to £2,274 to each participant who starts their own business. They also run enterprise clubs, where individuals can meet other start up businesses and share experiences, ideas etc.

Princes Trust

The Enterprise Programme through the Princes Trust (18-30 years old)

Applicants need to be aged between 18 -30 years, unemployed or working less than 16 hours a week Live in England and have a business idea they want help to explore

The support available includes:-

Advice on employment options

Business skills training

Business planning support

Start-up funding

Ongoing support from a mentor

Access to a wide range of free, and discounted products and services. (This includes our free legal helpline, sponsored by Barclays)

Prince's Initiative for Mature Enterprise, Prime (30+)

Provides advisory support for people aged thirty and over who require financing or assistance for a new business. Specialist business loans are available from PRIME's regional business partners, known as Community Development Finance Institutions (CDFI). Loans given by these organisations primarily target those whose loan applications have been turned down by traditional lenders, such as banks, and especially target those people aged fifty and above in deprived areas. Applicants still need to complete application forms and submit a business plans. They will also be offered the support as listed for Princes Trust

Black Country Enterprise (BCE)

Will provide, free advice and support and training, (on a one to one basis) to any person who is considering starting a business. There is no limit on the support the individual can access from the Black Country Enterprise.

The Black Country Enterprise also offers a ½ day general information session on a group basis. This also gives opportunities to individuals to network with other likeminded people.

Business Link

There is no local service offered anymore by Business Link, who closed last year. A national offer is available through a website, offering ICT based information covering all aspects of starting a business. The website also makes reference to other key websites e.g HM Revenue & Customs

Additional Information

This is not a comprehensive list of organisations offering business support throughout the Region, but these are the ones that we (the business support team) are aware of and would normally recommend, as we know that they can deliver a quality service. The business support team will recommend other organisations (not included in the above list) to the client if they feel the organisation can offer a more suitable support package.

July 2012.

