

Meeting: Economic Prosperity Sub-Committee

Date: 6 September 2016

Title: Ongoing Business Support Study Group

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Service:	Democratic Services	
Directorate:	Law and Governance	
Wards affected:	All	

1. Purpose of Report

The purpose of this report is to seek the sub-committee's agreement to appoint a task and finish sub group. It is proposed that the sub group will investigate how many enterprises are not sustainable in their third and fourth years, the impact this has on employment and the economy and whether additional support could be provided to businesses over a longer period of time.

2. Recommendations

The sub-committee is recommended to:

- a) appoint a sub-group to investigate ongoing business support;
- b) approve the terms of reference and outline work programme as set out below;
- c) determine the membership of the sub-group and
- d) appoint a chair.

3. Background

In determining its work programme for the year ahead it was suggested that the sub-committee investigate support for new businesses. Councillor Earley explained that from his own experiences of setting up a new business, there was considerable and effective support for start up businesses, but many encountered difficulties in their 3rd and 4th years and faltered. He had suggested that the sub-committee investigate how many enterprises are not sustainable beyond this period, the impact this has on employment and the economy and whether additional support could be provided to businesses over a longer period of time. The sub-committee agreed.

Since then discussions have taken place with Councillor Earley, relevant officers and Cabinet member to define the terms of reference for the investigation and prepare an outline work programme. The outcome of this work is set out below for the sub-committee's consideration.

4. Objectives and Key Lines of Enquiry

It is proposed that the sub-committee appoint a time limited sub group to:

- a) examine the range of support available to start up businesses:
 - What support is available to start up businesses?
 - How is this support marketed, signposted and accessed?
 - What are the take up levels?
 - How long is this support available?
 - to what extent are support services reliant upon European funding?
- b) examine the sustainability of new businesses in their 3rd and 4th years;
 - What is the nature of employment created by newly created small and medium enterprises? Temporary or permanent? Full or part time? Minimum wage?
 - How many start up businesses fail in their third and fourth years?
 - Why do they fail?
 - What is the impact of their failure on the local economy and employment?
- c) consider whether providing extended and enhanced support for businesses in their 3rd and 4th years would reduce the likelihood of businesses failing and consequently have a positive impact on the local economy.
 - Would extended or enhanced business support reduce the likelihood of businesses failing in the medium term?
 - If so, what type of support would be required?
 - How would extended or enhanced support be funded?
 - Are there gaps in the current provision?
 - Is specialist advice and support required for different types of businesses?
- d) formulate recommendations as to how existing support might be enhanced or how additional services might be developed to improve the success rate of start up businesses. Any recommendations to be supported with an assessment of the financial implications.

4. Methodology

It is proposed that the sub group seek evidence from:

- a) an introductory presentation to the topic from Sean Collier, Senior Manager (Business & Enterprise) and in the light of this review the scope of the review.
- b) a document review of earlier key reports and research including:
 - Fit for the Future: A Fresh Approach to Business Support (TEDCO)
 - Business Support Review: (North East Local Enterprise Partnership (NELEP))
- c) a visit to the Business Factory which offers experienced and professional advisers and consultants who have the knowledge to provide support, help and guidance to get businesses up and running.
- d) meetings with other providers of business support including
 - Department for Business, Energy & Industrial Strategy
 - NELEP
 - TEDCO
- e) meetings with a sample of people who have set up new businesses to gain an understanding of their experiences and views on the support available.

- f) meetings with representatives of Chambers of Commerce/Trade, North Tyneside Business Forum to obtain their views and experiences of business support.

5. Evaluation

In selecting any topic for in-depth investigation, the sub-committee should give consideration to the following selection criteria:

- a) Is it timely?
Yes, as it will follow and complement the review of business support recently undertaken by the LEP.
- b) Will it duplicate any other work ongoing within the Council or the NECA scrutiny work programme?
No, rather it will complement other work as set out above.
- c) Will it add value/contribute to policy development?
The sub-committee seeks to contribute to the objective contained within Our North Tyneside Plan that our economy will grow by building on our strengths, including our existing world-class companies, and small and growing businesses. Councillor Pickard, the Deputy Mayor, welcomes the setting up of the study group and believes this will contribute to forward policy thinking.

6. Membership

All members of the Council have been invited to express an interest in serving on the Study Group. At the time of writing this report the following had indicated a willingness to serve on the sub-group:

Councillor Janet Hunter
Councillor Peter Earley
Councillor Muriel Green
Councillor Pamela Brooks
Councillor John O'Shea
Councillor David McMeekan

7. Support

The sub-group will be supported by Michael Robson, Democratic Support Officer and Sean Collier, Senior Manager (Business & Enterprise).

Sean has accepted an invitation to attend tonight's meeting to provide a brief introduction to the topic and provide advice on setting the scope of the investigation.

8. Timescales

The Sub-Group will aim to complete its investigation by the end of 2016 with a view to submitting any final report and recommendations to:

- a) the Economic Prosperity Sub-Committee on 18 January 2016
b) the Overview, Scrutiny and Policy Development Committee on 6 February 2016
c) and, if necessary, Cabinet on 13 February 2016.

9. Implementation and Monitoring

Any recommendations reported to Cabinet will require a response within 2 months, under the requirements of Section 122 of the Local Government and Public Involvement in Health Act 2007. Cabinet will be asked to clearly state whether or not it accepts the recommendations and the reasons for this decision. Cabinet must indicate what action, if any, it proposes to take.

If recommendations are accepted by Cabinet, the proposed action to implement the recommendations can be monitored by the sub-committee.

10. Background Documents

The following background documents have been used in the compilation of this report and available from the author:

- Minutes of the Economic Prosperity Sub-Committee 15 June 2016
- Notes of discussions with Councillor Earley, Sean Collier and Councillor Pickard.