

AGENDA MANAGEMENT SHEET

Name of Committee Economic Development Overview and Scrutiny Committee

Date of Committee 16th March 2006

Report Title The Changing Structure for the Delivery of Business Support Services in Warwickshire

Summary The Council provides and facilitates the delivery of support services to businesses that complement those of partners. The services are designed to improve the performance, survival and competitiveness of local Small and Medium sized enterprises. The report outlines the services and changes taking place in the delivery of services by Advantage West Midlands.

For further information please contact David S. Williams
County Economic Development Officer
Tel. 01926 412401
davidswilliams@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? Yes/No

Background Papers Warwickshire County Council Regeneration and Competitiveness Strategy 2006-2010.

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees

Local Member(s)
(With brief comments, if appropriate)

Other Elected Members Councillor P Barnes)
Councillor M Jones) for information
Councillor P Morris-Jones)

Cabinet Member Councillor C Saint – for information
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

- Chief Executive
- Legal I Marriott – comments incorporated
- Finance
- Other Chief Officers Adrian Levett, Head of Trading Standards and Healthier Communities - agreed
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION **YES/NO** *(If 'No' complete Suggested Next Steps)*

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

**Economic Development Overview and Scrutiny Committee -
16th March 2006**

**The Changing Structures for the Delivery of Business
Support Services in Warwickshire**

**Report of the Strategic Director of
Environment and Economy**

Recommendation

That the Committee:-

1. Notes the range of services delivered in support of businesses in Warwickshire and endorses the approach adopted to the development and delivery of support services set out in this paper.
2. Endorses the Council's approach to providing and/or facilitating local services to local businesses to complement and enhance those available from partners to improve the performance, survival and competitiveness of local Small and Medium sized enterprises.

1. Introduction

The following report outlines the approach to business advisory and support services provided by the Economic Development Group and also refers to the changes being introduced to Business Link over the next year. It provides a background paper for a discussion at the meeting and a presentation by the principal Business Support Officer.

2. Background

- 2.1 Responsibility for enterprise support in the regions and the work of Business Link passed to Regional Development Agencies from April 2005. The West Midlands is serviced by a wide variety of policies and programmes designed to encourage an enterprise culture and support business. However, although there is a large amount of "Business Link" activity, there have been concerns about differential quality and content of service across the region. This had led Advantage West Midlands, on the advice of the West Midlands Enterprise Board, to develop a new regional delivery model aimed at ensuring a consistent core offer of services, with more effective signposting from a new regional gateway and brokerage model.

- 2.2 This may have a profound effect on the level of services delivered around the region from Business Link from April 2007. Final decisions on the organisations that will deliver the various contracts are unlikely to be made before June 2006 but the essence of the service is to regionalise it.
- 2.3 At the same time, our local Chamber – Business Link are coming under increasing pressure to maintain a level of services across the County that we have benefited from in the past in a climate of reducing funding in the future. The various funding streams are complicated but it is already evident that the availability of services to Warwickshire businesses which are outside the Objective 2/Regeneration Zone area may suffer.
- 2.4 Other agencies such as Princes Trust, Women’s Business Development Association, Coventry and Warwickshire Cooperative Development Association and the Districts are also under pressure as funding streams such as Single Regeneration Budget, Phoenix Fund, etc. come to an end.
- 2.5 Our services are designed to fill niches and so are normally unique in the sub region. They include Environmental Business advice, ICT support, facilitating business group formation and seminar and workshop programmes. Fortunately, the reductions in external funding will have less impact on our own services. However, we do not want to see Warwickshire SMEs disadvantaged during the changeover period and therefore plan to use our resources flexibly and, particularly, to use our services to signpost clients to the agencies that can continue to provide appropriate quality support. It is particularly important to try to plug this gap because, otherwise, Warwickshire businesses may be prejudiced by the fact that businesses in Coventry will get extra help from the successful LEGL application that will increase the availability of business support services in the more deprived areas of the city. (The application is still subject to Ministerial approval, and LEGL is not applicable to Warwickshire)

3. The Need

- 3.1 The drivers of change are well known: global markets, technological innovation, changing consumer demand, internet and e-commerce and increasing specialisation, etc.
- 3.2 Whilst the closure of MG Rover had relatively low impact on Warwickshire employment, the decline in employment in manufacturing is continuing. This remains an important wealth-generating sector, however, employing over 35,000 people.
- 3.3 Six key clusters have been identified for Warwickshire, that focus on the development of a knowledge-based economy. These include transport technologies, medical technologies, ICT, Tourism, specialist professional services and Food and Drink. Employment growth is predicted in many areas although skills shortage vacancies are predicted in construction, financial and business services and public administration.

- 3.4 Our business start up rates compare well with the rest of the West Midlands, but are 20% below the equivalent figure for the South East of England.
- 3.5 Environmental legislation and need for businesses to reduce costs are dominant issues for businesses striving to remain competitive.
- 3.6 The opportunity for businesses to work together to maximise benefit from programmes such as Business Improvement District funding, resource efficiency clubs and Business Crime Watch groups needs facilitating.
- 3.7 Other corporate groups increasingly need to engage with business to deliver our responsibilities such as ensuring business continuity in the event of major disruptions and the e-procurement agenda.

4. Business Support Services

- 4.1 Our role in Economic Development has developed over the years to address the changing needs of business and availability of support. The role includes offering an objective quality signposting service to optimise access to the wide range of specialist advice available, supporting inward investors with an aftercare service, introducing services at the heart of the Regeneration Zone in Bayton Road, providing our own specialist services in helping small businesses access loans, meet environmental regulations, cope with ICT and support our customers with ongoing mentoring advice if needed.
- 4.2 Our quality monitoring surveys indicate a steady growth in the number of enquiries we deal with. Over a quarter of the enquiries now come from the County website. Our overall customer satisfaction rating is 97%.
- 4.3 We continue to be a key partner in a number of sub regional initiatives that bring benefit to the County including the CSW Corridor Group, CW2000 broadband exploitation programme, the Rural Forum & Warwickshire Hub, the Wider Partnership Group (with Business Link among others), Coventry & Warwickshire Reinvestment Trust, working with the Districts, Business improvement District agenda and the various Cluster Group activities such as Medical technologies.

5. The Challenges Ahead

- 5.1 As a team, we aim to secure nearly a quarter of our total budget from external sources. In a climate of reduced availability of such funding, maintaining this level will be a challenge. It is also clear, however, that our performance in this area will need to improve even further if we are to be able to meet increasing budgetary pressures and still provide the range and level of services currently offered.
- 5.2 Partnership working with the Chamber and Business Link and other partners has been key to creating a coherent service to businesses in Warwickshire over the last few years. Our long experience in providing business support services suggests that there is a need for services to be developed which are appropriate to local needs and to have a “local” response to meet local needs. The principles behind regionalisation of business support services are to increase

efficiency and to provide a level playing field so that businesses throughout the West midlands get a consistent service. Members may like to confirm that they endorse the approach adopted by the Economic development Group that the objective in providing business support should be to go a bit further, and to help improve business performance, so giving Warwickshire businesses a competitive advantage over businesses elsewhere.

JOHN DEEGAN
Strategic Director of Environment and Economy
Shire Hall
Warwick

10th March 2006