

Cabinet Meeting on Wednesday 18 November 2020

Support Provided to Business Start-ups in Staffordshire



Cllr Philip White, Deputy Leader and Cabinet Member for Economy and Skills said,

“Staffordshire is one of the best places in the UK to set up and grow a business and we want to encourage more of our citizens to make their business ideas a reality by providing high quality and accessible support.

Start-ups and SMEs employ thousands of people in Staffordshire and support for them forms part of our economic recovery plan in response to the COVID-19 pandemic. We have excellent survival rates for new businesses in the county and we recognise that during recessions more people embark on setting one up. As a county council we have already invested £360,000 in our start-up scheme. This will be enhanced by a new Start Up Loans Scheme, a Student Start Up Scheme and the creation of a digital Start Up Prospectus for potential new business in Staffordshire.

We continue to work with the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) and other partners to increase start-ups across the county and put additional support programmes in place where there may be gaps in national provision.”

Report Summary:

At Staffordshire County Council (the “County Council”) we have an ambition to make Staffordshire one of the best places in the Country to start-up and grow a business. This aim is also reflected in the Local Industrial Strategy for the SSLEP. Our ambition has not changed as a result of COVID-19, in fact it becomes even more important as part of our plans for recovery and renewal post-COVID-19. Staffordshire is already an excellent place to start a business due to its central location, excellent new business survival rates, low cost-base, rising skill-base and the connectivity infrastructure that can reach major cities within an hour.

On 17th June 2020 Cabinet signed off the County Council’s Economic Recovery, Renewal and Transformation Strategy¹, which set out our 5-year plan for supporting the local economy to not only recover but grow post-COVID-19. Since the strategy was signed off, we have developed and delivered an action plan that contains activities taken nationally, regionally and locally (through ourselves and our partners in the SSLEP and Districts/Boroughs) to support the economy. In particular we have worked up proposals for a Small Towns Scheme to support urban areas, developed the concept of a North Midlands Transformation and Innovation Corridor, expanded the

¹ <https://www.staffordshire.gov.uk/Business/Documents/Covid-19/Staffordshires-Economic-Recovery-and-Renewal-Strategy.pdf>

work of the Redundancy Task Group to support the roll out of the Kickstart scheme and worked with the SSLEP to secure £24m of Getting Building Funding to accelerate projects in Staffordshire, including skills investment and developing capital projects such as Shire Hall.

As part of our response to Economic Recovery, Renewal and Transformation in Staffordshire we have also focused our efforts on how we support Small and Medium Enterprises (“SMEs~”) where additional support on top of the Government offer was needed. For example, an Emergency Grant scheme was launched to provide microbusinesses with up to £1,000 to help pay supplier bills and a PPE Scheme was commenced to provide a small amount of PPE and a list of trusted suppliers to businesses who had no choice but to work in close proximity to others

We have also recognised that, historically, the number of start-ups increases following an economic downturn, and whilst we see the national job retention programmes alter and close (e.g. furlough), we believe we can enable and facilitate greater support for new Start-ups in Staffordshire. As such we have invested £0.360m in a new Start Up Scheme to complement existing programmes which will help those at risk of redundancy or unemployment. This scheme is to be enhanced with the provision of a new Start Up Loans Scheme and the ‘Ignite your entrepreneur’ scheme - a scheme to support those in further education to start up their own business.

A digital Start Up Prospectus will be created and launched to encourage people thinking of starting up a business to consider doing so in Staffordshire.

Workspace for individuals in the early days of trading is very important and the County Council is planning to help people by piloting an Enterprise Quarter for Start Ups. The County Council and SSLEP are also investing £0.870m in additional light industrial units at Cannock and Silverdale Enterprise Centres.

As Staffordshire moved into the ‘High’ (Tier 2) Local Alert level we also launched the #ThinkStaffordshireFirst campaign, which is about encouraging residents to stay safe and shop local. The campaign will showcase the local people, products, services and businesses that are just as good (if not better) and as cost-effective as you'd get from anywhere else. It's about helping us all realise that local spending = supporting local jobs.

Recommendations

I recommend that Cabinet:

- a. Support the various programmes available to residents across the County interested in starting their own business.
- b. Support the production of an electronic Start Up Prospectus with the final document to be signed off by the Deputy Leader and Cabinet member for Economy and Skills.
- c. Note the progress being made to identify the County Council properties that could be used as incubation space in an Enterprise Quarter for Start-Up's, with any final business case being agreed through Property Sub-Committee.

- d. Agree to the funding and delivery of a student start-up programme targeted at young people in the final year of further education with aspirations to progress into self-employment for an initial 3 years with the potential to extend for a further 2 years as detailed in this report.

Local Members Interest
N/A

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Recommendations of the Deputy Leader and Cabinet Member for Economy and Skills

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- d. Agree to the funding and delivery of a student start-up programme targeted at young people in the final year of further education with aspirations to progress into self-employment for an initial 3 years with the potential to extend for a further 2 years as detailed in this report.

Report of the Director of Economy, Infrastructure and Skills

Reasons for Recommendations:

Introduction

1. Our Economic Recovery, Renewal & Transformation Strategy sets out our vision, aims and priorities to respond to the COVID-19 crisis and subsequently enable the Staffordshire economy to recover, renew and transform. The full impact of the crisis and how the local, national and global economies will recover remains uncertain, especially now cases continue to resurge. Our Strategy remains flexible to enable us to respond to these challenges and recognises that many opportunities have arisen that we need to grasp, including a priority to:

“Support people to start their own business with a focus on the unemployed and those people currently furloughed but at risk of becoming unemployed.”

2. Although we find the global economy in a challenging position, recent analysis from the Bank of England shows there are reasons to be confident about the economic future in Staffordshire. Although we continue to be optimistic about the future, we are also realistic about the current situation. As of Q2 2020, it was estimated that around 5% (13,600) Staffordshire residents were unemployed, although this is a significant growth based on our near full employment pre-COVID-19 levels, it

remains well below the national and regional levels. Unemployment within Staffordshire and across the country is likely to rise as national economic support measures continue to change and reduce and it will therefore be vital for us to support people into gainful employment.

3. Following the 2008 recession a greater number of people decided to start a new business than on average, and Staffordshire saw business start-ups gradually increase from 2,590 start-ups in 2010 to 4,025 in 2016 which was the highest recorded since comparable records began in 2000. This 1,435 increase in start-ups was equivalent to a 55% growth as more people were in a position to start-up a business due to redundancy payments.
4. The County Council considers that the economic downturn from the COVID-19 crisis is highly likely to result in the same situation. Therefore, to give our citizens every opportunity it is prudent to examine start up provision in the area and make sure that individuals aiming to start a new business have the support they need to make their enterprise a success.

Start Up Provision in Staffordshire

5. In July 2020, the County Council invested £0.360m in a new three year Start Up scheme aimed at supporting people who found themselves at risk of redundancy or unemployment due to the COVID-19 crisis. In the first year of the programme the aim is to support 300 people and see 200 businesses started. The scheme being delivered by the Staffordshire Chambers of Commerce who have a track record of providing successful start-up services and have achieved a 76% three-year survivability rate in those that began trading.
6. Due to the current economic climate created by COVID-19, there are a considerable amount of people facing an uncertain future, despite the robust nature of the Staffordshire economy. Many of these people are likely to be skilled in many different ways. The Start Up programme will be available for any good business idea, but the focus to join the programme will be on Staffordshire's priority sectors as shown below:
 - a. Digital sectors
 - b. Innovation relating to climate change
 - c. Agri-tech
 - d. Manufacturing including food tech
 - e. Engineering
 - f. Advanced materials
 - g. Professional Services
 - h. Hospitality and leisure sectors
 - i. Innovation relating to health and care including Med Tech and Health & Safety
7. This new programme was planned to complement the existing start up services in the area and provide additional support which could be particularly relevant in these difficult times such as Confidence Boosting workshops, Upskilling Sessions and Digital Skills webinars. Up to 21st October there have been just under 100 applications for the new scheme.

8. One of the strengths of Staffordshire's start up provision is the good working relationships between the different organisations who provide support. All of these organisations are linked together through the Enterprise Round Table which provides a network for those providing business support services in Staffordshire and Stoke-on-Trent. This network helps identify overlaps and gaps in provision and working groups form to tackle identified issues. The Staffordshire Business Helpline contributes to all of these working groups by providing intelligence directly from businesses and individuals who contact the Helpline for help.

Recent Developments

9. The County Council has launched a new Staffordshire Start Up Loans scheme worth £0.100m. This pilot scheme was created following intelligence from people contacting the Business Helpline about the new Staffordshire Start Up scheme and commenting that a small loan scheme would be helpful. Loans of between £3000 and £5000 will be made to people who have successfully completed the Staffordshire Start Up course at an interest free rate with no arrangement fee to be repaid 12 months after issue. This pilot project will allow us to determine whether there is a gap in the market for low risk loans to new start-ups with the ambition that this can be scaled up in the future if successful.
10. A bespoke student start-up programme for young entrepreneurs called 'Ignite your Entrepreneur' has been developed and is recommended to Cabinet. Delivered in an engaging and interactive way through an online platform, dedicated resources and with ongoing professional support. It will be a county-wide initiative designed to encourage young people to understand the basics of entrepreneurialism and enterprise. The programme aims to engage 4,000 students through a dedicated programme leading to 300 engaged online with 100 taking the intensive 5-day programme with a target of 20 business starts in year one. The four Staffordshire colleges are engaged and supportive of the project. The programme will be delivered by Staffordshire Chambers of Commerce and aligns with our other start-up programmes and a contract will be entered into with the Chambers of Commerce to deliver the programme. It is designed to be an initial 3-year programme extended for a further 2 years subject to review. Initial cost for the first 3 years is £0.165m and the benefit of the 2-year extension is to apply any learning to extending the programme into sixth forms around the County and to enable successful participants in the programme to share their experience with future prospective students as mentors.
11. The next step in promoting Staffordshire as an excellent place to start a business is the creation of a Start Up Prospectus. Our objective will be to showcase Staffordshire as a great place to start a business, providing detail of all the schemes and support available, and highlighting some of the fantastic work/life balance opportunities in the County. The intention is that it is an outward looking showcase of all the work the County Council and key partners are doing together such as Staffordshire and Keele Universities, District Councils, the Chambers of Commerce and the Prince's Trust to promote business start-ups. The Staffordshire Start Up Prospectus will be launched in November.

12. Workspace is also an important part of the offering for an area wishing to encourage successful start-ups businesses. The County Council has seven successful Enterprise Centres across the County which are all between 85% and 100% occupied. In June, Cabinet approved an investment to part fund £0.870m to extend two of our Enterprise Centres (in Cannock and Newcastle) therefore providing more space for small businesses to grow and thrive. A project has also begun to look at the potential for the creation of a new Enterprise Centre in the County to generate more employment opportunities. A short survey was carried out in October asking existing Enterprise Centre tenants about their experiences as a new business in finding suitable premises. This survey has confirmed the opinion that an area of free, bookable office and meeting room space would have been helpful particularly at the beginning. The Business and Enterprise Service have been working with Property Services to identify space that could easily be converted and could be trialled as an Enterprise Quarter for individuals to book space by the hour or day for use to meet with business advisors or clients, or pitch to Finance Providers or prospective customers.

Conclusion

13. Staffordshire is an excellent place to start and grow a business. With the plans and investments that are now in place, Staffordshire will soon be one of the most supportive and accommodating places for new businesses in the Country. The County Council's strategy remains flexible to enable us to respond to challenges and recognises that many opportunities are still ahead.

Legal Implications

14. The County Council's' Legal Team have been engaged in drafting the necessary contracts, as required, to be entered into for the new Start Up schemes.

Resource and Value for Money Implications

15. The Student Start Up programme for young entrepreneurs is designed to be an initial 3-year programme extended for a further 2 years subject to review. The initial cost for the first 3 years is £0.165m and is to be funded from the general COVID-19 grant.
16. The Staffordshire Start Up Loans scheme will be funded using £0.1m of COVID-19 funding. This is unused funding of the £0.5m allocated to the Emergency Business Grant scheme back in June 2020.
17. The Decision Notice on the Staffordshire Start Up Scheme can be found by following this link:

<http://moderngov.staffordshire.gov.uk/ieDecisionDetails.aspx?ID=1827>

List of Background Documents/Appendices:

None

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