

Title of meeting: Planning, Regeneration and Economic Development

Date of meeting: 10 March 2015

Subject: Communication and Engagement with Small and Medium Enterprises in Portsmouth

Report by: City Development Manager

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

To update the Cabinet Member for Planning, Regeneration and Economic Development on the latest economic profile for Portsmouth, outline the SME business support activities currently undertaken and how it is planned that these could be developed to improve start up support and SME growth in the city.

2. Recommendations

- 2.1 That the collaborative and coordinated partnership approach that is being taken to support economic growth and encourage enterprise and innovation continues.**
- 2.2 That work be progressed to explore development of an updated Portsmouth Business Directory to support SME growth and business communication.**
- 2.3 That proposals to deliver an enhanced programme of integrated support for start-up and growth of SMEs are progressed with the aim of improving the city's ranking in terms of SME survival and growth.**

3. Background

- 3.1 The Economic Development function sits within City Development within City Development and Cultural Services and is responsible for the development and implementation of programmes of support to help SMEs to start up and grow.**
- 3.2 Programmes of support are developed by the service in partnership with external delivery partners, both locally (University and business groups across the Solent) and regionally (Solent Growth Hub, Federation for Small Businesses and Hampshire Chamber of Commerce) to keep abreast of new funding and economic development opportunities and to identify what SMEs need to develop and grow.**

3.3 The Portsmouth Plan and 'Shaping the future of Portsmouth' regeneration strategy aim to support economic growth, innovation and enterprise and to enhance the city's competitiveness. The Business Growth and Skills Plan aims to reflect the opportunities that the physical regeneration and City Deal will create and specifically to:

1. Secure greater inward investment and ensure business retention
2. Improve new business start-up and survival rates
3. Encourage business growth by supporting SMEs to increase their productivity and developing overseas trade
4. Foster entrepreneurship and innovation

4. **Co-ordinated partnership approach to business support**

The city council is one of the avenues of support that Businesses look to for information both to starting-up or growing their business and also to check how to do business with the council. The SME Development Officer, in the Economic Development team, is their first point of contact and works with external partners to reach as many businesses as possible, engaging and supporting SMEs via a broad range of methods, including :

- a) Business support and funding advice via PCC web pages.
- b) A dedicated support line and signposting service and email Business Support in-box supporting on average 30 business enquires per month
- c) Social media, including regular dissemination of the latest business advice and information to over 1800 followers on Twitter, and an email business bulletin sent bi-monthly to over 1000 businesses.
- d) Weekly advice sessions at PCC Enterprise Centres, delivered by our partner, Enterprise First.
- e) Delivery of specific discreet projects for start-ups and business growth with partners in the private sector and the University of Portsmouth.
- f) Regular engagement with regional and local business support providers to develop business intelligence and add value to business support activity through sharing of resources and avoiding duplication.
- g) Building intelligence on SMEs through management and attendance at business-promotional and networking events (see programme of PCC-managed events in Appendix B)
- h) Encouraging overseas trade through partnership working with UKTI, UK Export Finance and Hampshire Chamber of Commerce, and the development of an export support tool for SMEs with European partners.

5 **Measures of business confidence in Portsmouth**

Online data on business formation and survival figures is available from various sources but specifically Office for National Statistics (ONS), Duport, Centre for

Cities etc. and these sources are useful to show trends and comparisons and to help shape service interventions.

However, the data available can often be contradictory, may not be specific to the Portsmouth local authority area and is often derived from datasets such as registrations with Companies House and tax returns, which gives an incomplete picture. Extracts of some of these reports are included in Appendix A.

It is therefore important that the Economic Development team has access to alternative sources of business data as an indicator of business confidence in Portsmouth, in order that limited resources can be most effectively focused to deliver the best outcome for the business community.

In the main, reports based on Government data indicate that Portsmouth performs poorly compared to the South East region with regard to the number of start-ups and their survival. The measure of productivity, GVA per head, is lower in Portsmouth than the wider SE region.

The Cities Outlook Report 2015 shows that, from 2013 to 2014, Portsmouth PUA (Portsmouth, Havant, Fareham and Gosport) moved up in ranking for business start-ups per 10,000 population from 42nd (out of 64 cities) to 36th and was also 5th highest in the %growth in private sector jobs between 2004 and 2013, with growth of 12.3% (after Cambridge, Brighton, Milton Keynes and London).

Conversely the same report notes that Portsmouth PUA performs quite poorly in terms of SMEs having high growth strategies (compared with Brighton, Bournemouth and Cambridge). 21% of SMEs in Portsmouth shrunk between 2010-13, performing poorly when compared with other cities in the South East.

Hence, whilst the data obtained via ONS and Companies House is a useful indicator of trends, other sources of business intelligence and informal feedback is critical to actually understanding the structure of the business community and its strengths and weaknesses. This can be achieved through active and effective engagement with the business community to help shape the support that business need in the city to start up and grow

6. Business Directory

As Government statistics do not provide the full picture, it is apparent that an improved and current understanding of the local business landscape, key sectors and specific needs, is crucial to inform a programme of targeted support and to enable better communication with local SMEs.

The current business database comprises a 2012 Portsmouth Business Directory and 2011 Industrial Estates and Business Parks register, both are out-dated, fragmented and not integrated with other council systems.

With limited in-house resources to maintain a business database, there is a need to work with our partners to develop a co-ordinated Business Directory which can be utilised by all partners and would be a sustainable model of business intelligence

The Economic Development team is in discussions with our key partners, including Hampshire Chamber of Commerce, Hampshire County Council, FSB and the University of Portsmouth. Options are also being discussed with the in-house Information Systems team to progress ideas for the development of a new Portsmouth Business Directory, which could potentially incorporate an on-line system where businesses could trade.

It is proposed that these options be brought back to PRED for future endorsement.

7. Future programme of business support

The key frustrations and concerns of SMEs in Portsmouth, highlighted by current business intelligence and external support providers, are

- i. Lack of time and finance to develop and deliver their plans for growth
- ii. Lack of skills to prepare robust business plans to ensure their survival and growth and attract finance.
- iii. Lack of skilled and work-ready workforce
- iv. Difficulty in finding incubator and accelerator units and larger industrial premises within the city.

The role of the SME Development Officer is to develop a co-ordinated and cohesive programme of future support, working with external partners to share resources and avoid duplication wherever possible.

The following programme is being considered for further development, all deliverable within current budgets:

- a) The SME officer will continue to work collaboratively with external partner organisations, such as Hampshire Chamber of Commerce, UKTI, University of Portsmouth, Portsmouth Partnership Foundation and the Business and Enterprise work stream of Shaping, and internally with PCC service teams, to address the four areas above and engage more effectively with businesses.
- b) The concept of a 'Business Bank', a pool of business advice hours, donated by philanthropic business partners, will be developed to supplement business support.
- c) 'Face to Face' support in Portsmouth Central Library. Discussions are underway with regional business support providers to continue to provide this service, possibly to include a regular 'business advice clinic' at the library or other locations. One option, which would maximise current assets, would be to use the mobile library or community vehicles to go out to SMEs with a 'Business Start Up and Grow Roadshow'. This would be in partnership with other providers in the city
- d) A Retail Campaign - a joined-up approach to a series of events to support local retailers in the city and encourage residents to 'Shop Local' through a strongly branded and well-planned programme.
- e) Supply Chain opportunities - to maximise benefits for SMEs in Portsmouth and to support SMEs to win contracts and take up supply chain opportunities

both internally, through close working with the council's Procurement Advice team, and externally, through the promotion of opportunities, including major events that come to the city - ACWS Portsmouth , BAR and Navitus Bay Wind Park as examples

- f) Development of an online Business Directory that could also be a market place for Business to Business activity as explained in paragraph 6.
- g) Improve connectivity and collaborative working between innovation centres in Portsmouth to enhance business support between centres and to encourage the development of a wider network of innovation centres, linked to opportunities emerging from the physical regeneration programme.

8. Equality impact assessment (EIA)

An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

9. Legal Implications

This is a discretionary function provided by the Council. However it must be carried out in accordance with the relevant regulatory frameworks. Advice should therefore only be given on topics which do not require relevant authorisation. In any event suitable disclaimers should accompany any advice given to avoid or limit any liability of the Council. Appropriate notices should also be inserted in all documents which may be used to collect data identifying the use to which that data may be put to ensure compliance with Data Protection legislation.

10. Head of Finance comments

- 10.1 In order to maximise limited resources business support activities are delivered via a collaborative and coordinated partnership approach. This report recommends that this continues.
- 10.2 The development of a Business Directory has been highlighted as a priority and this report recommends that this work is further explored. Any financial implications of the development of the Portsmouth Business Directory will be brought back to PRED in a future report.
- 10.3 The report contains a recommendation to provide an enhanced programme of integrated support for SMEs within the city. The report contains details of the proposed programme. All these activities can be met from existing cash limited budgets.

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Signed by:

Appendix A - Economic profile for Portsmouth
 Appendix B - programme of PCC managed events

Background list of documents: Section 100D of the Local Government Act 1972

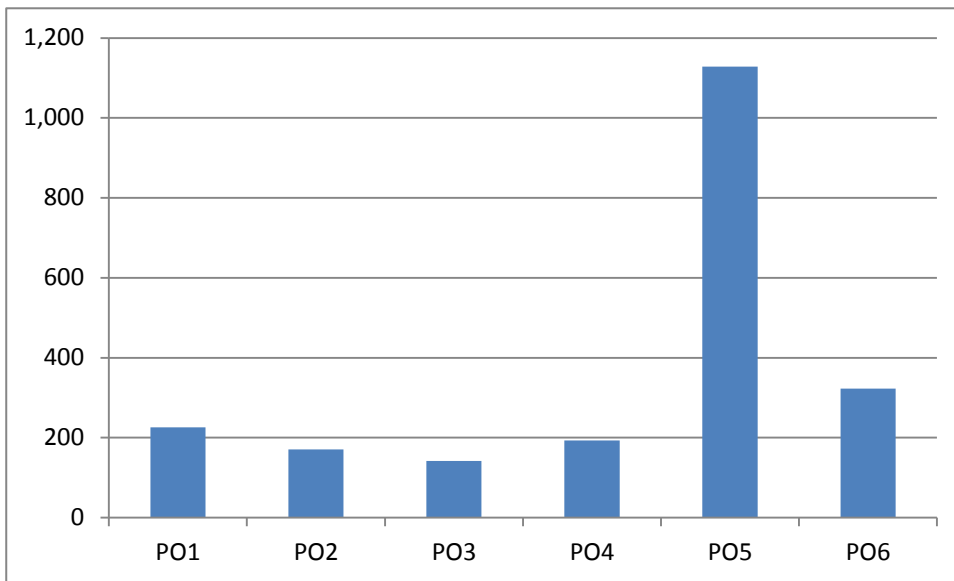
The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Business case for channel shift/customer service savings	Cabinet briefing paper 20 th November 2014
Business Growth and Skills Plan	https://www.portsmouth.gov.uk/ext/documents-external/pln-businessgrowthandskillsplan.pdf
Cities Outlook 2015	http://www.centreforcities.org/publication/cities-outlook-2015/
Small Business Outlook 2014	http://www.centreforcities.org/publication/small-business-outlook-2014/
StartUp Britain	http://www.startupbritain.co/news/2015-01-04/new-figures-reveal-record-breaking-year-for-start-ups

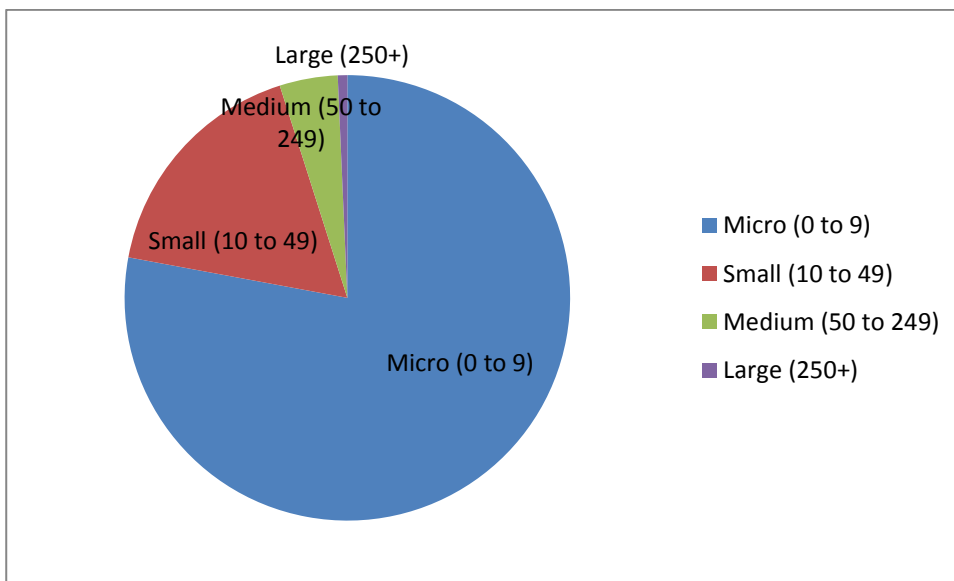
The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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 Signed by:

Appendix A - Economic profile for Portsmouth

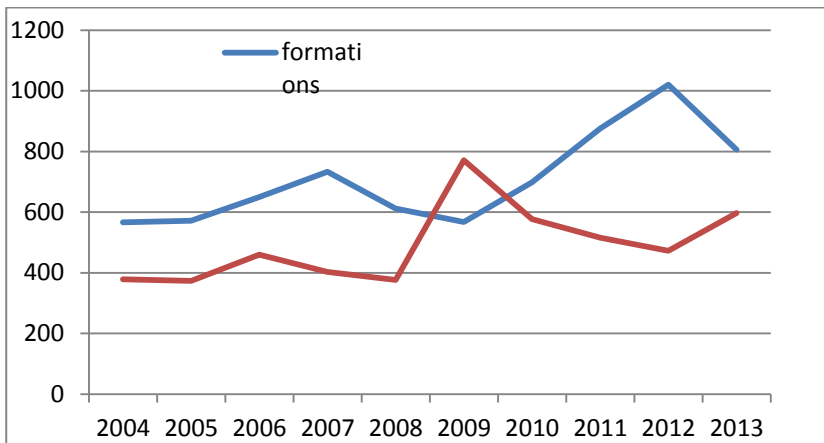


Business registrations in Portsmouth in 2014 by postcode

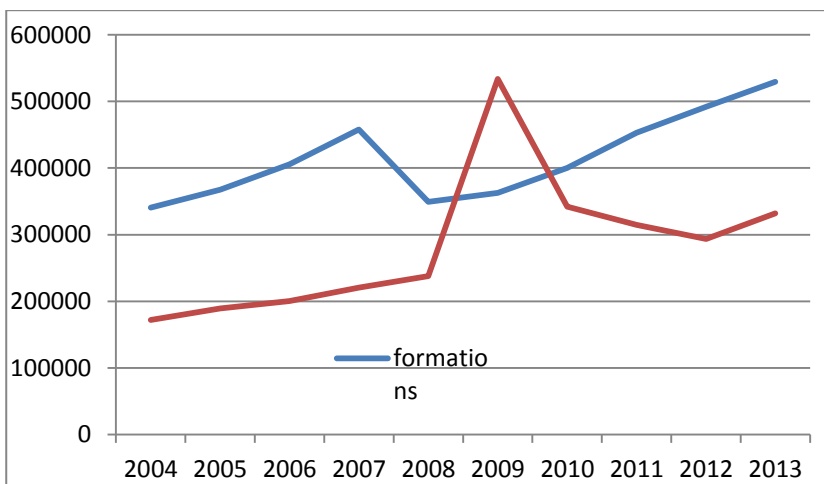


Local business units in Portsmouth 2014
Source: Inter Departmental Business Register (ONS)

Micro (0 to 9)	5,080
Small (10 to 49)	1,120
Medium (50 to 249)	275
Large (250+)	45
Total	6,525



Portsmouth net company growth



UK net company growth

There have been a number of reports released recently relating to the performance of cities, including Portsmouth. These are:

1. **Centre for Cities - Cities Outlook 2015** reports on cities using the Primary Urban Area (PUA) method - for Portsmouth PUA, this includes Portsmouth, Havant, Fareham and Gosport. From 2013 to 2014, Portsmouth PUA moved up in ranking for Business Start-ups per 10,000 population from 42nd (out of 64 cities) to 36th.

Some highlights

- Portsmouth PUA was 6th in the ranking for high achievement of Superfast broadband (82.3%).
- It was 5th highest in the %growth in private sector jobs between 2004 and 2013, with growth of 12.3% (after Cambridge, Brighton, Milton Keynes and London).
- Portsmouth was one of seven cities that reported a real terms increase in their workers' weekly wages of more than £20.

2. **Small Business Outlook 2014 report (Centre for Cities)** Recognises that 'small businesses are the lifeblood of our economy'. Indicates that Portsmouth PUA preforms quite poorly in terms of SMEs having high growth strategies (e.g. adoption of new

technologies, investment in their workforce and performance tracking) compared with Brighton, Bournemouth and Cambridge. SMEs are more likely to adopt high-growth strategies if they operate in

- i. international markets
- ii. cities with a high proportion of university graduates
- iii. cities that are attractive places to live, work and do business

The report shows that about 21% of SMEs in Portsmouth shrunk between 2010-13, performing poorly compared with Brighton, Reading, Southampton and Bournemouth.

3. **Delivering Change report (Centre for Cities)** Highlights interventions that help create strong city centre economies:
 1. Relocating employment to the city centre where possible
 2. Creating an attractive and functional physical environment
 3. Providing good transport and infrastructure
 4. Attracting firms through incentives to stimulate business activity
 5. Making better use of temporary space
4. **Startup Britain** Portsmouth region (PO1 to PO41) is 19th highest 'entrepreneurial hotspot', based on Companies House registration data so will not include start-ups that choose not to register and 'Portsmouth' includes PO 1 to 41, so includes loW and the wider Portsmouth area to the North and East. The report takes no cognizance of population size. London is top and Brighton & Hove 4th.
5. **Duport site** <http://www.duport.co.uk/southsea/2014/Q2> - again, this is based on Companies House registrations

The first half of 2014 saw a new record in net growth in Southsea of 525 businesses, with 728 new companies registered, a 14.2% increase on the first half of 2013 However, in the same period, 203 were dissolved, a 39% increase on 2013.

For Portsmouth (PO1,2,3,6) there were 456 new registrations, a 6.3% increase on 2013 (compares poorly with a UK average increase of 11.6%) 315 companies were dissolved, a 18.8% increase on 2013, so the net growth was 141

Appendix B - PCC-managed events 2015

CALENDAR OF EVENTS 2015			
MONTH	DATE	EVENT TITLE	PURPOSE
FEBRUARY	12th	Apprenticeship Event	Skills & Training
	25th	Partnership Foundation launch of grant	Social Enterprise support
	26th	Americas Cup World Series Business Breakfast	Business growth
MARCH	6th Friday	Future Portsmouth	Skills and Apprenticeships
	26th	Portsmouth Expo	Business support
APRIL	9th & 10th	Export and Growth tool development meeting	UKTI / European Chambers of Commerce
MAY	tbc	Start Up Portsmouth launch event	Business support
	16th	Commercial Road Shop Local event	Retail event
	29th TBC	Hotel Event	Inward Investment
JUNE	1st	Inward Investment breakfast tbc	Inward Investment
	25/26	Export and Growth tool development meeting	UKTI / European Chambers of Commerce
	TBC	Business Growth event	Business growth
JULY	Sat 4 July	Independents Day	Retail event
	23-26th	BAR World Series Events	Economic Development
SEPTEMBER	19-22	Shopping Festival	Retail event
	end	Meet the Buyer	Business growth
OCTOBER	21 to 23	MIPI London	Inward Investment
	17th	Opps Fair	Skills and Apprenticeships
NOVEMBER	13th	Shaping Portsmouth Conference	Economic Development
DECEMBER	5th	Small Business Saturday	Retail event