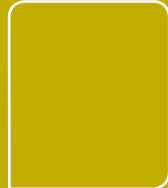


tackling worklessness

a series of 'how to' guides
for councils and their partners

supporting jobs, supporting businesses

7



1. why should councils support local employers?

Councils can support business through the recession and take effective action locally to reduce the recessionary impact and where possible prepare for recovery. Support to local employers will help prevent job losses and redundancies.

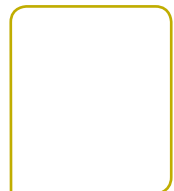
Many of the actions suggested in this guide will take the form of signposting, or adding value to, the work of key partners. Under the government's Business Support Simplification Programme (BSSP), which aims to make it easier for businesses to access government-funded support, Business Link will become the primary route for business support and skills development advice for individuals (those thinking of starting a business or one-person outfit) and employers.

Furthermore, co-ordination between Jobcentre Plus, the Learning and Skills Council and Business Link is being improved under the Integrated Employment and Skills programmes, so that, whichever point of contact

the employer uses, they will get advice on recruitment, skills and business support. The government's Solutions for Business (SfB), a streamlined portfolio of publicly-funded business support products, will be in place by March this year.

However, councils can consider the scope for co-funding and co-ordinating their activities with Business Link when planning business support activities to support targets in their local area agreements (LAAs).

The recession has made developing business support activities more urgent.



2. why is business support important?

The wellbeing of local communities depends crucially on high levels of employment and the ease of access to good quality jobs, which in turn are dependent in most places on the existence of a thriving business sector.

In a recession, the stresses placed on business increase markedly, with worsening finances leading to company failures, job losses, recruitment freezes and a decline in investment in both plant and human resources.

Very small firms are more likely to go out of business because their finances are fragile. Paradoxically, their rate of formation often increases as newly redundant people seek to remain economically active. An economically resilient local community is one with a capacity to support new and small firms.

Finally, company cut-backs in training can create skills shortages, whilst certain types of workers – young people, people with disabilities, the low-skilled or lone parents – can become marginalised, and thus create more labour supply bottlenecks.

A strategy for supporting businesses should include a focus on maintaining training investments for everyone, such as through the use of public procurement to promote skills training and apprenticeships and support vulnerable workers.

3. steps needed for effective business support

A. mobilising partnerships and support networks

Most councils will already have set up local partnerships and networks involving key players in the local economy, such as Jobcentre Plus, the Learning and Skills Council (LSC) and the Regional Development Agency (RDA). Business Link and local chambers of commerce are key partners in supporting businesses. Often these partnerships are co-ordinated through the local strategic partnership (LSP).

Some councils will be involved in sub-regional partnerships comprising of more than one authority and engaged in planning and delivering economic development over a wide area. Many sub-regional partnerships are developing through multi-area agreements (MAAs).

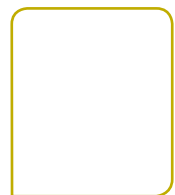
In some council areas, there will be specialist agencies for economic development, such as city development companies, often supported by the council. Specialised partnerships, like employment and skills boards, work to align the commissioning of skills and employment services with employer needs.

Councils should use their relationships with partners such as RDAs to ensure that what is on offer to help small firms is appropriate for local requirements.

The creation of partnerships and networks involves a lot of patience and skill, see Guide 8 on business engagement. But, once in place, they prove an invaluable asset. That is the time to claim the benefits made in partnership building.

In moving up a gear many, perhaps all, councils have by now established a credit crunch task force. These task forces should be led at a senior level, with a high level of political and business commitment. Many authorities have convened business summits at which local businesses are invited to come and discuss issues and propose solutions. York City Council sought the views of businesses about what actions to take through the downturn at the inaugural meeting of the business forum.

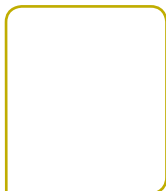
The task force should be used to review the support available locally to businesses and identify gaps. Important business-facing vehicles and services like town centre management and business improvement districts (BIDs) can be used as a conduit for gathering business views and communicating with businesses.



In short, partnerships and network assets can be drawn upon to:

- gather intelligence – including early warnings of redundancies, see Guide 1 on responding to redundancy
- act to communicate and signpost support services.

Many councils are currently adding value to Business Link through, for example, funding additional business advisors. This is a low-cost initiative because the authority does not have to carry the overheads of running a Business Link outlet.



case study 1

East Sussex County Council

East Sussex County Council has teamed up with Business Link Sussex to develop an intensive business assistance programme aimed at supporting up to 300 companies. The county council has allocated £100,000 to support the programme. The package will consist of three key elements:

- a tailored face-to-face review of the business, and a follow-up action plan based on the specific needs of each business
- ongoing support by telephone
- assistance in finding any further specialist help needed.

The package of support is free for any business based in East Sussex that employs up to 250 people.

B. reviewing the authority's own dealings with business

Councils impact directly on businesses in many ways through their service delivery and regulatory activities.

As a first step, all activities that affect business should be systematically reviewed to assess the extent that they assist or hamper business. They are too numerous to list in their entirety, but they could include planning control and the issue of parking permits. This does not mean that councils should not seek to balance economic with social or environmental concerns.

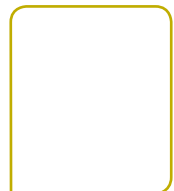
More direct support can be delivered by:

- promoting business rate relief
- help with business rate debt
- paying invoices faster
- helping local small and medium-sized enterprises (SMEs) bid for council contracts.

Essex County Council estimates that 60 per cent of eligible businesses in the county do not claim business rate relief; the unclaimed amount being about £50 million. It has an initiative to signpost the availability of the small business rate relief scheme.

Councils can support businesses through rate debt. The London Borough of Greenwich helps businesses re-schedule their business rate payments, particularly for larger accounts.

Many authorities have, or are examining ways of speeding payment processes faster than the 30-day standard. York City Council recently committed to ensuring that non-limited companies would be paid within 10 days of receipt of invoice.



Essex County Council has established a financial help desk to enable struggling companies to request early payment of invoices. It is also reviewing its procurement processes. In particular, it is examining the possibility of:

- encouraging at least three businesses with Essex postcodes to tender for each contract once the OJEC notice or national advert has appeared, so ensuring open, competitive and legal tendering processes
- changing the gearing and ratio modelling used in the current auditing of suppliers' accounts to ensure that financial analysis is tailored to the risks associated with the work being tendered and does not penalise smaller companies with small turnovers or large overheads
- reassessing the required insurance levels at the pre-qualification questionnaire (PQQ) stage of the tendering process so that insurance requirements are appropriate to the work being competed for, and not a standard requirement.

C. access to finance and other resources

Firms face a range of financial problems in a recession:

- revenue declines because the level of sales falls, or profit margins are reduced by price competition
- cash flow can be adversely affected by slowing of payments by customers, customers going bust or suppliers demanding faster payments
- cash can also be adversely affected by banks reducing overdraft facilities, often with little notice
- firms may find their borrowing capability reduced by a fall in the value of their assets, perhaps in real estate, which might hitherto have been used as collateral.



For the most part, councils themselves cannot provide finance directly to firms, but they can use their leverage to make a difference by:

- publicising financial services available to firms and encouraging the active participation of the suppliers of those services
- providing signposting and communications services to direct firms to national programmes like the Enterprise Finance Guarantee (EFG) and the Capital for Enterprise Fund (CFEF)
- encouraging major firms in the area to provide sponsorship or human resources to local enterprise agencies, or by mobilising additional professional advice which could be a valuable resource for firms
- facilitating or supporting easily-accessible training/advice programmes with mentoring schemes for new or micro firms, perhaps organised in co-operation with professional bodies and colleges.

Innovative programmes can be implemented through enterprise agencies. For example, the East London Small Business Centre has short-term intervention loans which can be used to finance the completion of an order, repayable when the customer pays, as well as a special Muslim Loan Fund. An enterprise agency can be more flexible than other institutional lenders in dealing with borrowers, and may also provide advice to struggling clients.

Creative Sheffield, a city development company, is developing a package on behalf of Sheffield City Council that includes leasing, factoring and invoice financing, bank lending and real estate finance, all of which have the potential to generate new revenue for firms.

Equity finance is rarely the solution for firms adversely affected by recession, because it depends on the likelihood of a good rate of return for the investor. However, councils could use their leverage and signposting resources to direct businesses to business angel schemes.

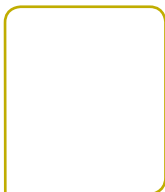
Community Development Finance Institutions (CDFIs) are financial tools for social, economic and physical renewal in under-invested communities. Under some circumstances, they might be an additional source of finance for businesses in a local authority's area.

Some councils are considering or developing their own finance schemes.

case study 2

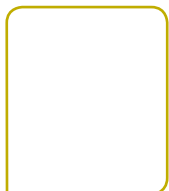
Essex County Council

Essex County Council has created a Bank of Essex, a special delivery vehicle to act as an intermediary and release European Investment Bank (EIB) funds for local SMEs. The EIB allocates around EUR30 billion to support SMEs. Funds are made available through intermediary banks in the form of lines of credit or indirect loans. This could be linked with the development of Foundation East, a community finance initiative providing high-risk, small-business loans of up to £20,000.



D. supporting training, supporting jobs

More responsibilities are being given to councils in tackling worklessness, and related targets can be agreed in LAAs. Councils can add value to mainstream employment services. The example of Brentin2Work shows how local agencies can link up services to support people, many of whom have a recent history of unemployment, to stay in work.



case study 3

Brentin2Work

Brentin2Work adds value to mainstream employment provision by supporting groups with complex needs which are hard to reach by mainstream services. Brentin2Work offers aftercare. For the first six months in work this includes:

- a freephone number for both employers and employees
- information and guidance
- links to other agencies, including debt services, money, child-care services, health and lifestyle advice, and housing
- one-to-one planning support, for example, in travel to work
- access to training, for example, Train to Gain.

www.idea.gov.uk/idk/core/page.do?pageId=9432692&aspect=full

Another key means of supporting employers to support their employees is Train to Gain, which from April 2009 will be integrated with Business Link. Again, councils will play an important signposting role. Large multi-site employers will have a national point of contact for employment and skills services, so the emphasis locally should be on smaller employers which national agencies find harder to contact.

Reforms proposed for 14 to 19 year-olds will give local education authorities a clear strategic lead for 14 to 19 education and training. These new arrangements will give councils more opportunity to influence training provision in their areas, which in this context should mean helping employers sustain their recruitment and training of young people.

The local government sector as a whole is expanding its apprenticeships scheme, and some councils are extending the apprenticeships they support to other sectors. They can take forward the skills procurement agenda using contract management and planning powers to promote

skills training and apprenticeship places, for example for the letting of new contracts, but they can also work with existing contractors and encourage them to provide training and apprenticeships training opportunities for their workforce.

To support the implementation of the skills procurement agenda the Department Of Innovation, Universities And Skills (DIUS) are working with departments and the Office of Government Commerce to develop and disseminate guidance on how skills requirements can be included in procurement processes. The guidance, as part of a wider toolkit, will be published in March and made available to local authorities.



case study 4

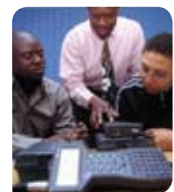
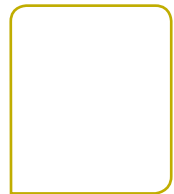
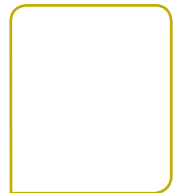
Vital Apprenticeships

Vital Apprenticeships is a service run in partnership between Westminster City Council and Vital Regeneration that supports 16 to 24 year-olds living in social housing in the borough to find training opportunities. The service supports young people to develop an action plan, enhance their CVs, improve their interview skills and assist them throughout their placement.

case study 5

Essex County Council

Essex County Council is creating a county-wide Essex Apprentice Scheme. The scheme would build upon the existing programme run and funded by the public sector in the county but, crucially, would make available apprentices to small businesses that may otherwise be unable to take young people on in the current economic conditions.



top tips

helping businesses survive the recession

mobilise partnerships – set up a credit crunch task force, with a dedicated credit crunch website and link into sub-regional and regional partnerships

convene a business summit

review business support services – where are the gaps?

actively promote and signpost all business support services – do not expect others to do it alone, nor expect businesses to find out for themselves

use as many council services and vehicles as possible to communicate

actively promote business rate relief

ask businesses in open forums or other meetings to suggest their own solutions – do not expect to have all the answers yourself

use local government procurement to promote skills training and apprenticeship places

this is a credit crunch crisis – investigate sources of business finance.

review all services that impact on businesses, particularly procurement, payment of invoices and help with business rate relief

seek ways to add value to mainstream business support, training and employment services

Don't forget the top line strategic goal – keep everyone close to the labour market, whether by earning, learning, or looking.

4. glossary

- **Apprenticeships:**
a work-based training route open mostly for schools-leavers leading to qualifications at Levels 2 and 3. They cover 80 career choices in 80 different industry sectors.
- **Business Rate Relief:**
business with a rateable value of below £15,000 a year, or less than £21,500 in Greater London, could claim up to half of their business rates back.
- **SNR:**
Sub-National Review of Economic Development and Regeneration.
- **Enterprise Finance Guarantee (EFG):**
open to businesses with an annual turnover of up to £25 million who are currently not easily able to access the finance they need, enabling businesses to secure loans of between £1,000 and £1 million.
- **Capital for Enterprise Fund (CFEF):**
a fund that enables companies to finance business development by selling debt in exchange for an equity stake in their business. The fund will provide equity and quasi-equity of between £250,000 and £2 million for companies with turnover of up to 50 million euros.
- **Train to Gain:**
a subsidised training programme which offers a full subsidy for training up to a first Level 2 qualification, including basic skills. Employers negotiate a training offer with Business Link.



5. further resources

- National Business Link Portal for general information on local offices, grants, subsidies, advice, Train to Gain and rate relief.
www.businesslink.gov.uk
- The Real Help for Business Campaign
www.businesslink.gov.uk/bdotg/action/detail?type=CAMPaign&itemId=1081750153
- Business Rate Relief
www.businessraterelief.co.uk/
- Business Angels
www.bbaa.org.uk/
- Business Link for Enterprise Finance Guarantee (EFG) and the Capital for Enterprise Fund (CFEF)
www.businesslink.gov.uk/bdotg/action/detail?type=CAMPaign&itemId=1081831704
- Capital for Enterprise
www.capitalforenterprise.gov.uk/portfolio.html
- Community Development Finance Institutions (CDFIs)
www.cdfa.org.uk/
- Jobcentre Plus Employer Portal
www.jobcentreplus.gov.uk/JCP/Employers
- National Train to Gain Portal
www.traintogain.gov.uk
- Brentin2work
www.brentin2work.co.uk/
- Information on apprenticeships
www.apprenticeships.org.uk
- East London Business Centre
www.goeast.org/011elsbc.htm



IDeA

Layden House
76-86 Turnmill Street
London EC1M 5LG

telephone 020 7296 6600

facsimile 020 7296 6666

email info@idea.gov.uk

www.idea.gov.uk



INVESTOR IN PEOPLE

©IDeA – March 2009

ISBN 978-0-7488-9277-8

written by David Walburn and Andrew Jones

Text printed on 100 per cent recycled paper.
Printed using vegetable-based inks.

For a copy in Braille, Welsh, larger print or audio,
please contact iHelp on 020 7296 6880.
We consider requests on an individual basis.

L09-246

Produced by Liberata Design and Print Studio



Local Government Association

The Local Government Association is the national voice for more than 450 local authorities in England and Wales. The LGA group comprises the LGA and five partner organisations which work together to support, promote and improve local government.

