

Briefing Note – Small Businesses Working Group – Scrutiny Board (City and Regional Partnerships)

1.0 SMALL BUSINESS IN LEEDS – THE STATISTICS

1.1 Key Statistics on the Business Stock

In Leeds it is estimated that there are 46,000 businesses of which 19,565 are registered for VAT**. This figure is based on an estimate of the number of business units & individuals working on a self employed basis.

** Businesses need to register for VAT when their turnover is above £61,000 per annum

1.2 Business Size

In terms of business size 80% of units employed between 1 and 10 people (accounting for 64,000 employees and 15% share of Leeds employment), 95% of units employed less than 50 people (36% of Leeds employment) and 1% of units employed over 200 people (39% of Leeds employment). Leeds has a significant proportion of larger businesses compared to sub region and regional averages.

1.3 Business Formation

No accurate data is currently available to measure the number of new businesses or the level of business failures at a District level. VAT data gives information on VAT registration & deregistration. This shows that Leeds in common with most of the core cities has shown an increase in its business stock over the period 2001 to 2006. The increase at 8.3% is above core city average but below the average for the sub region, region and national.

City	VAT Stock (2006)	% change 2001 to 2006
London	309,225	10.0
*Birmingham	23,490	4.1
*Leeds	19,565	8.3
Edinburgh	13,855	10.6
*Bristol	12,385	11.2
*Sheffield	12,015	7.2
*Manchester	11,865	2.8
Bradford	11,555	9.2
Kirklees	11,190	10.6
*Liverpool	8,665	11.2
Cardiff	8,035	7.9
Nottingham	6,420	5.9
*Newcastle	5,650	10.1
West Yorkshire	56,035	10.2
Yorkshire & Humber	139,970	9.9
*Core City Average	100,055	7.7
Great Britain	1,892,385	9.5

* Core Cities

(Source Small Business Service, BERR)

VAT registration rates in 2005 were 33 per 10,000 population which was higher than for the region but lower than the national rate.

Below district level little formal data exists on enterprise activity. Leeds along with other Local Enterprise Growth Initiative (LEGI) authorities will be measuring the growth in business stock at the local level (the targets in the Local Area Agreement derive from the LEGI programme).

In summary the enterprise picture for Leeds is mixed, the city has a dynamic economy which produces new business opportunities but also one which produces a variety of alternative employment options. This in common with many cities leads to lower self employment rates than say in rural areas like North Yorkshire. Evidence produced as part of the LEGI Bid suggests that self employment and enterprise rates are low compared to city & national averages in our most deprived communities. The LEGI programme is designed to both raise awareness of enterprise as a practical employment option for local residents and provide practical assistance to help new businesses to start up and grow within our most deprived communities.

2.0 SMALL BUSINESS SUPPORT – LEEDS CITY COUNCIL

2.1 The Council has delivered support to small businesses (defined as businesses with less than 50 employees) for many years as part of its economic development/ economic regeneration activities. These activities are discretionary provided under general powers to secure the economic well being of the district (Local Government Act 2000). As a discretionary service there are no national guidelines that define the scope or level of service provision. Most local authorities provide a service, but it's scope and the

resources applied to it, vary greatly. Given limited council resources, it has been important for the Council to work in partnership with a range of bodies to deliver support to new and existing businesses based in Leeds.

- 2.2 In Leeds the Council's role in supporting small businesses has evolved over the last thirteen years in response to changes in government policy and changes in government funding. Over this period the government has sought to consolidate business support activities at a local level (through the first phase of Business Links 1995 to 2001), sub regional level (through the merger of local business links and the creation of a Business Link for West Yorkshire 2001 to 2008) and regional level (the merger of four sub regional business links and the creation of Business Link Yorkshire in 2008). At the same time as the government has sought to rationalise the coordination of business support activities at different spatial levels it has proliferated the number of individual business support schemes provided nationally by creating a range of funding streams via different government departments and different government initiatives. The government recently identified 3,000 separate business support schemes and pledged to reduce this number to less than 100 by 2010 (the Business Support Simplification Programme).

The main areas of support are outlined below. Whilst most LCC support is not targeted specifically at small businesses, as 2.1 above notes, most businesses in Leeds are in fact small businesses employing less than 50 people.

2.3 **Support to Leeds Chamber of Commerce**

Leeds Chamber represents 2,000 businesses in the Leeds District and provides a range of services to help companies to start up, survive and grow. Most Chamber members are small businesses. The Chamber is a key location centre for Business Link Yorkshire (BLY) and provides a number of support services in West and North Yorkshire under contract to BLY. The City Council is a member of the Chamber and is represented on the Chamber's board of directors. In addition to membership, the Council supports the Chamber through discrete projects, so for example the Council currently funds the chamber to provide an international trade advisory service to help companies with exporting and importing. In addition to this support the Council has located its business & enterprise service in the Chamber's premises and helped develop the Enterprise Leeds concept as a single gateway to business support in the Leeds district (see www.enterpriseleeds.co.uk for more information). This has been a practical way of sharing costs and encouraging joint working between a range of different bodies providing business support services in Leeds.

2.4 **Support to Key Sectors**

Over the last twenty years the Council has provided support to a variety of key sectors in the Leeds economy (for example Leeds Financial Services Initiative was originally established with a range of support from the Council). Over time the sectors supported have changed in response to changes in the city's economy. At present the Council is working with other partners in providing support services for companies based in the media, manufacturing, healthcare & construction sectors.

2.5 **Provision of Workspace**

The Council owns a range of accommodation which currently provides workspace for small businesses. The Business Support Service works in partnership with colleagues in Asset Management to ensure that this accommodation meets the needs of small businesses. For example the service recently secured European funding to redevelop some vacant industrial units on Domestic St Industrial Estate to bring these back into use for local businesses. The service is currently responsible for managed workspace developments at Chapeltown Enterprise Centre and Leeds Media Centre (in partnership with Environment & Neighbourhoods).

2.6 **Assistance to help local companies and new companies to invest in Leeds**

The business & enterprise service assists companies to expand or to relocate to Leeds through the provision of information on land, property and labour availability. During 2007/08 3,008 enquires were received from companies wishing to expand/relocate; of these 60% were from existing Leeds based companies. Approximately 30% of enquiries received find suitable premises in Leeds.

In 2005/06 (the latest figures available) 206 companies found suitable premises after receiving LCC assistance & 401 jobs were created as a result of expansion/relocation.

2.7 **Local Enterprise Growth Initiative (LEGI)**

The business & enterprise service is responsible for the delivery of the Leeds LEGI programme. Leeds LEGI is a £20.6m programme over the period 2007 to 011 which aims to increase entrepreneurship and tackle "worklessness" issues in our most deprived neighbourhoods.

2.8 **Other Support**

In addition to the above services the Council through it's many functions provides indirect support to local businesses. For example through the Jobs and Skills service helping businesses to employ local labour, through the library service providing business information to help job seekers and local residents considering self employment and through the tourism service helping businesses to promote their services to potential visitors.

3.0 **KEY PARTNERS**

3.1 ***Business Support***

Enterprise Leeds has been established to provide a single gateway to business support services in Leeds. It brings together a number of partners in one building to promote the economic well-being of the city and helping businesses to develop and prosper. See www.enterpriseleeds.co.uk for more information.

Leeds Chamber of Commerce and Industry Ltd

Leeds Chamber works with a range of partners to position Leeds as a leading business location by supporting the city's business community and its entrepreneurs. It plays an active role in the key economic development activities in the city, ensuring the views and needs of business are represented. See www.leedschamber.co.uk for more information.

Sharing the Success, the Leeds LEGI programme

Leeds LEGI is a programme administered by the Council and delivered by over twenty partners. For more information on Leeds LEGI please see www.sharingthesuccess.co.uk.

Business Link Yorkshire

Individuals thinking of starting a business, or existing companies that would like to grow their business, should contact Business Link. They assess business needs and provide access to business support across the whole of Yorkshire and the Humber.

There is a tremendous amount of support available for new and growing businesses. Business Link provides an objective and impartial service and provides access to a wide variety of information, guides and self-help material that can help any business, at any stage of their development, and on any topic.

Information can be accessed by phone or email through the Customer Information Centre, or through the website and online services; or in person at our local access points, situated in local communities.

Face-to-face support is available through an events programmes and adviser teams. Business Link events are delivered locally throughout the region, and offer a wide range of presentations, seminars and workshops, covering all aspects of starting and growing a successful business. Its adviser services provide tailored, one-to-one support to help businesses identify options for growth and development and access specialist help to address those business needs. See www.businesslinkyorkshire.co.uk

Manufacturing Advisory Service – Yorkshire & Humber (MAS)

Funded by Yorkshire Forward, MAS provides access to practical manufacturing advice and support to help businesses improve their productivity and efficiency levels. Support offered includes:

- Free impartial manufacturing advice from experienced specialists
- Free on-site manufacturing reviews highlighting actions to improve operational performance
- Free on-site focussed research to address specific issues already identified
- Low cost factory visits to meet with other successful manufacturers and develop knowledge in best practice tools and techniques
- 50% subsidised manufacturing improvement projects providing longer term on-site, practical support from experienced manufacturing specialists

See www.mas-yh.co.uk

Leeds Universities

The two Leeds universities provide a number of business support services. For example Business Start Up @Leeds Met Promotes innovation and entrepreneurship across the university, the business incubation centre offers office space and tailored business support for start up businesses, the incubation centre provides office and laboratory accommodation for young hi tech businesses. See www.leedsmet.ac.uk/businessincubator/
www.lmu.ac.uk/business-start-up
www.leedsinnovationcentre.com

Further Education Colleges

Some of the FE colleges provide business support services, so for example Park Lane College run the Unit which provides office space and practical assistance for young businesses.

Other Business Support/Representative Organisations

The federation of small Businesses (FSB), the Confederation of British Industry (CBI) and the Institute of Directors (IOD), all have members in Leeds, and the FSB is a member of the Leeds Economy and Skills Partnership. However the FSB has limited capacity to engage at the local level, and the other two organisations tend to focus on the regional or national agenda.

3.2 Comment on Partner Arrangements

As the list above shows there are a large number of organisations providing a wide range of business support services. Enterprise Leeds and the Leeds LEGI programme are good examples of where the Council is bringing partners together to work collaboratively on a number of different projects. The new economic development strategy (An Agenda for Economic Performance) which is currently in development is also a good example of the Council bringing partners together to work collaboratively on common objectives. It may be appropriate for the City & Regional partnerships scrutiny board to examine these examples in more detail to identify best practice and any lessons learned for future partnership working.

Phil Cole – Head of Business Support and Tourism
Paul Stephens – Chief Economic Services Officer

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