

1st April 2014

Agenda Item:4

REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY

NBV BUSINESS START-UP SUPPORT CONTRACT

Purpose of the Report

1. To provide Committee with an update on the progress of the Business Start-Up Support programme, delivered by NBV Enterprise Solutions Ltd.

Background

2. Through resources agreed within the 2012-13 and 2013-14 Economic Development Budget, this Committee approved the commissioning of a business start-up programme, designed to offer free and impartial advice and support to Nottinghamshire residents seeking to develop their business ideas.
3. A comprehensive specification was developed for this programme, reflecting on the existing national and local provision, gaps within the market and particular issues of relevance to the local Nottinghamshire economy. In addition, a detailed description of the type of services required was developed, alongside expected minimum outputs, but which offered the opportunity to potential tenderers to offer insight and to influence the nature of the provision based on their expertise and understanding of delivery.
4. Since 2010, national changes to the way business support has been delivered has led to variable and often chargeable services being offered. Having assessed Nottinghamshire's position in relation to available free and impartial business start-up advice and support, the Council resolved to invite tenders for a business start-up scheme for the County in January 2013. The Invitation To Tender (ITT) generated 7 proposals, of which the submission from NBV Enterprise Solutions Ltd (NBV) was successful.
5. An initial £40,000 was made available to cover Phase 1 of the project, running from March 2013 to July 2013, with a further £45,000 available to cover the costs of Phase 2 of the project over the remainder of the 2013-14 financial year. The funding for Phase 2 was subject to an interim review, which was completed successfully in July 2013.
6. NBV delivers free business support in Nottinghamshire to clients under a number of schemes, funded by a range of agencies. Along with the Nottinghamshire County Council contract, NBV delivers:
 - New Enterprise Allowance (Department of Work & Pensions – DWP)
 - Pre-start and established business advice (European Regional Development Fund –

ERDF)

- Ready for business programme (Regional Growth Fund – RGF)
 - Getting started workshops (Barclays Bank)
7. Not all of these are available across the whole of Nottinghamshire (e.g. ERDF) or to all client groups (e.g. DWP) and the County Council contract is designed principally to plug the gaps in provision, thereby creating blanket coverage of free business advice and support for those wishing to start a business across Nottinghamshire.
8. These four contracts together with the Council's support provide a core infrastructure for the delivery of business start-up support, providing economies of scale and a greater value for money for the County Council.

Review To Date

9. It will be noted that Joanna Clarke, the Deputy Chief Executive of NBV Enterprise Solutions Ltd will be attending this Committee meeting, presenting their perspective on the progress with the contract. The project will be subject to a full evaluation in the summer, once the full reporting timescales have been served and the project formally completed. However, given this Committee's approval of the overall Economic Development budget for 2014/15 at its March meeting and the inclusion of indicative resources for further business support activity, it is considered appropriate to offer this review as it should help support the framing of the new activity. Progress is tracked through monthly reporting from NBV, complemented by contract management meetings with officers from the Council's Economic Development team.
10. The package of support offered to clients on the business start-up progression pathway is broken down into four key stages:
- **Stage 1 – Awareness Raising**
Includes marketing activity with a range of partners and the business community to raise the profile of the service and encourage engagement.
 - **Stage 2 – Engagement and Planning to Start**
Involves an individual needs analysis of each client, leading to a bespoke support package. Mainly focussed on an introduction to what starting a business actually entails.
 - **Stage 3 – Business Planning**
Intensive client support and coaching from a range of sources, including business advisers, trainers and the private sector (banks, accountants etc), culminating in the production of a business plan.
 - **Stage 4 - Launch and Post Launch**
Support in starting up the business and on-going support throughout the early stages – including mentoring.
11. The contract with NBV requires a range of outputs to be met and these are detailed in Appendix 1. As the project has progressed the timescales for reporting these outputs have been extended to run until June 2014. This is because of the lead-in times required for support activity to translate into start-ups (i.e. an individual starting to receive support or advice in, say, February generally would not actually start in business until April or May).

12. Appendix 1 also shows the breakdown by business type of the start-ups delivered by the programme to date. As can be seen from the data, the bulk of the start-ups so far have been shared between Business Services, Creative Industries, Health and the Service sectors.
13. NBV collects satisfaction rates from clients during the process of delivering support. Overwhelmingly the response has been positive from delegates, with no negative comments received at all.

Event satisfaction	Percentage	
Very Satisfied	66.4%	90.3%
Satisfied	21.0%	
Fairly Satisfied	2.9%	
Fairly Dissatisfied	0.0%	
Dissatisfied	0.0%	
Very Dissatisfied	0.0%	
No response	9.7%	

Conclusions

14. When analysing the outputs data for this programme, it is clear that NBV is now achieving a higher than profiled level of engagement. The rate of engagement was slow to begin with, which was mainly due to three key issues:
- A natural lag in the time taken for people to become aware of the scheme in areas where there had been no free business support provision since the demise of Business Link in November 2011. Once awareness was raised of the offer, the number of engagements has steadily increased and the project is now performing ahead of profile;
 - Generally difficult economic / trading conditions, reflecting a reluctance and lack of confidence from individuals and a lack of market opportunities for business start-ups. This position is confirmed from an assessment of the other referenced programmes operated by NBV and from externally sourced research on this period. Economic conditions have begun to improve since;
 - This general caution led to a longer time-period being experienced between the translation into businesses from the initial contact (as referenced in paragraph 11 above) which again was consistent with other programmes.
15. The slow start to engagement has translated through to the other outputs as well, with the rate of business starts and jobs created both being lower than originally profiled. A review of the performance against the contracted outputs took place in December 2013 and it was agreed to re-profile at this point; this is reflected in the figures shown in Appendix 1, although it should be noted that the overall target numbers have remained the same.
16. It will be noted from the detail in Appendix 1 that while the engagements with individuals seeking to start a business are in excess of targets, the conversion rates have proved more difficult to achieve for the reasons referenced above. However, NBV is confident that they can look to achieve against the revised profile and this may be the subject of further discussion with them as they attend this Committee meeting.

17. Evidence provided by NBV to date shows that the County Council funding is generating a conversion ratio of approximately 1:4 (i.e. 1 start-up per every 4 clients accessing adviser support). Although this is clearly below the initial target of 1:2, it is significantly better than the performance of other current NBV contracts (which range between a ratio of 1:7 and 1:25).
18. Based on the 86 business starts supported and the amount spent on the programme to date, the unit cost per start-up is £674. This is expected to fall as more starts are created through the final months of the contract but regardless, when this is compared to other current NBV contracts, the £674 unit cost remains good value for money, as unit costs for these schemes generally range from £560 – £2,000.
19. Overall, it is felt that this project represents good value for money and provides an invaluable service for those looking to start-up in business. It is widely recognised that for a considered decision to be made by those looking to make the significant life-choice of starting a business, it is necessary to have an element of impartial, face-to-face advice on hand. This support cannot be replicated through online resources and is less impartial when coming from organisations that might benefit commercially from any decision to start-up. Without the Council's contract, large parts of the County would be excluded from the offer of free support, which affects the potential for successful new and emerging businesses being created in these areas. The wider impact is that via the Council support, NBV is enabled to resource hot-spots, facilitate events and engage in a genuinely cross-County approach supporting anyone with start-up support.
20. It is also worth highlighting that by delivering this project, the Council has placed Nottinghamshire in a unique position of being able to offer the blanket provision of free and impartial business start-up support, regardless of location within the County, which is not something that is replicated across the country.

Reason for Recommendation

21. To help inform the Committee in developing the next phase of its business support activities as approved indicatively at its March 2014 meeting.

Statutory and Policy Implications

22. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

23. None at this stage.

RECOMMENDATION/S

24. It is recommended that the Economic Development Committee notes the report.

Report of the Group Manager, Corporate Strategy, Celia Morris

For any enquiries about this report please contact: James Mann – 0115 977 2686

Constitutional Comments [SLB 19/03/2014]

This report is for noting only.

Financial Comments [SEM 21.03.2014]

There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

Electoral Division(s) and Member(s) Affected

All