



Officer and Date

Place Overview Committee

18th July 2019

Item

SME SUPPORT IN SHROPSHIRE

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1. Summary

- 1.1 This report identifies and advises Place Overview Committee of the activity undertaken by the Business and Investment Team, that are part of the Council's Economic Growth service, in support of SMEs based across Shropshire.
- 1.2 A business is deemed to be a SME if it has fewer than 250 employees and generates a turnover of less than €50 million.

Given its rurality 99.2% of the county's businesses are deemed to be SMEs, and only 35 of the county's 15,650 businesses employ over 250 people (2017). It is also worthy of note that seven is the average number of employees within a Shropshire business and over 90.4% of all companies employ less than 10 people.

There are 3 categories of SMEs and they are classified as follows:

- Medium-sized business – fewer than 250 employees and a turnover less than €50 million
- Small-sized business – fewer than 50 employees and a turnover less than €10 million
- Micro-sized business – under 10 employees and a turnover less than €2 million

- 1.3 The support to SMEs is split across two distinct areas within the Business Growth & Investment Team which are staffed accordingly but work closely together.

There is a Growth Hub concentrating on support to new, fledgling and smaller and micro-sized businesses (predominately under 10 employees) and a Key Account Management (KAM) function that supports those companies nearer 50 employees and who tend to be more established within Shropshire.

Section 5 of the report provides more detail on the services provided by the two areas, and also demonstrates the support given to new SMEs considering investing

(and relocating) to Shropshire. Section 6 illustrates the next steps of the work being undertaken.

2. Recommendations

- 2.1 Place Overview Committee continue to champion and support the Business & Investment Team within Shropshire Council as a key provider of support and signposting services to SMEs across Shropshire and acknowledge the role those services perform as part of the overall Economic Growth function, managed by Gemma Davies.
- 2.2 Place Overview Committee agree to the approach going forward that is being adopted by both areas in support of Shropshire's SME businesses.

REPORT

3. Opportunities and Risks

- 3.1 As part of the Growth Hub governance, there is a monthly operational meeting where Managers of the Growth Hub provisions across The Marches meet regularly to report on their progress and provide benchmarking and peer support.

This is accompanied by a quarterly Steering Group made up of LEP and Local Authority Managers, University and Business Representatives and is Chaired by an Independent Business Representative. This ensures that there is additional (non-Council) 3rd party intervention that drives appropriate activity for Shropshire's SME with services that best meet their needs.

- 3.2 Department of International Trade (DIT) are involved with a number of SMEs across Shropshire who are deemed to be foreign-owned, and in key sectors that they support. These supported companies are termed to be Foreign Direct Investment (FDI) and whilst some are SMEs, most are larger than that and fall within the 35 larger businesses – such as Müller, Caterpillar Defence and Arla.

This relationship between KAM and DIT ensures that both parties are made aware of investments (or dis-investments) being made in those businesses. DIT will also be in discussion with the Holding Group / Global Owner in-country and the key account managers will in turn have a local /on the ground relationship with the company – so it provides a two-way information exchange in support of economic growth in Shropshire.

This relationship with DIT also ensures Shropshire Council receives inward investment opportunities from non-UK companies who use the services of DIT to broker a landing into the UK and create a business presence.

4. Financial Assessment for the Support of SMEs in Shropshire

- 4.1 The Growth Hub is part-funded by the Department of Business, Energy & Industrial Strategy (BEIS) and administrated by the Marches LEP, who contribute to all three

of the business support functions in their Local Authority areas. This revenue funding stream is provided on a 12 month rolling basis so does not underwrite staff costs – these are funded from the core service budget. This additional funding source does ensure financial responsibility for supporting SMEs does not lie solely with Shropshire Council.

- 4.2 The Key Account Management (KAM) programme is provided through core staff costs and has been historically set up to ensure that the larger companies in the County are engaged and ensures that the Local Authority is aware of their plans for the future. A new, formalised approach to KAM is being developed and details of this are provided in Section 6 – Next steps.

5. SUPPORT FOR SHROPSHIRE'S SMEs

5.1 THE GROWTH HUB

There are a number of areas of support that are provided by the Growth Hub, which operates virtually via www.marchesgrowthhub.co.uk and the provision of a face to face service through a physical hub based within the Shropshire Food Enterprise Centre in Battlefield, in north Shrewsbury.

A large number of businesses have been supported by the Growth Hub who are able to offer business start-up programmes, events and learning opportunities alongside access to grant support for eligible SMEs.

The Business Activity and Interventions from 1 April 2018 – 31 March 2019 are provided below:

E-mail enquiries	275
Telephone enquiries	178
Face to Face interventions	527
Number of startups supported	336
% of start-ups to overall business supported	34.3%
Number of businesses supported	980
Number of GHUB events	120
Businesses attending events	2085
Referrals to other organisations/funded programmes	1022
Total number of businesses supported including events	3065

In addition, the Growth Hub reach out to 4,387 registered companies through Gov Delivery showcasing grant, funding and business support and activities they could be eligible for.

A lot of work in support of SMEs is done in partnership, and the Growth Hub works with Shropshire Chamber, Oswestry BID, Buy-from Shropshire among others and is partnering with Tech Severn in support of SMEs as well as working with private sector partners to provide bespoke events and opportunities for businesses.

During the last four months the Market Drayton Grant Scheme, which is now administered by the Growth Hub has approved a total of £338,756.07 of grant funding to four local businesses. Match £338,756.07 along with further private funds being leveraged in for commercial mortgages. This is generating 25 jobs over the next two years and has safeguarded 91 jobs. Also, one business has relocated from Wrexham.

It is also important to highlight that the delivery model for the Growth Hub in Shropshire differs from that of Marches partners, with a focus away from a physical asset to being more about delivering support and services in local business communities outside of Shrewsbury. This has supported to gain further traction for the Growth Hub with outreach programmes allowing businesses to gain access to the Growth Hub without having to commit vast amounts of time away from their businesses, something that may have deterred engagement in the past.

5.2 KEY ACCOUNT MANAGEMENT

The main purpose of this activity is to build and nurture good working relationships with the key businesses that operate within Shropshire, for the benefit of economic growth.

Key businesses can often be described as companies that employ large numbers of staff, have high turnovers, are experiencing rapid growth and have a positive impact on the economic growth of the county through their productivity (and subsequent GVA contribution).

This can also include companies with smaller staff numbers but those employed are highly qualified and knowledgeable staff in priority, high-value sectors for Shropshire – such as Agri-Tech, Food & Drink processing, environmental sciences and advanced manufacturing and technology.

It enables these businesses to have a single point of contact into all of the business services offered by Shropshire Council, that themselves can operate across a number of service areas and directorates and can prove difficult for a private company to navigate. This Key Account Management (KAM) role makes it easier for these companies to enter into dialogue with Shropshire Council quickly and easily, in support of their business growth.

The Key Account Manager requirement for each business can be bespoke, and dependant on their individual demands so KAM's need to be able to operate flexibly and creatively as conduits into both the Council and the business requiring support.

The main areas of activity include:

- Supporting companies, through face to face engagement, looking to expand and / or develop new sites, often bringing together key areas across the Council (with the appropriate expertise) to meet with the key business and seek to find collaborative solutions.
- Making companies aware of new opportunities in new markets or within supply chains, and grant support if they are eligible.
- Utilising & collating the valuable information and knowledge shared by the companies alongside their demand requirements to feedback into the Council and inform policy; such as business demand for new premises and land in support of The Local Plan and steering interventions to certain areas of the county or towards certain sectors that are experience growth.
- It also serves as an Investment Service to companies looking to relocate from outside of the area. This movement of companies into the county is termed inward investment, and those companies who relocate or open additional operations in the UK are foreign-direct investment (FDI). This activity usually involves the creation of propositions under the 'Invest in Shropshire' brand, providing detailed information on site availability (land or premises), available labour & skills and incentives on offer.

6. Next Steps and Programme Moving Forward

- 6.1 The Growth Hub has secured some operational (revenue) funding from the Marches Growth Hub and is involved in the delivery of a number of regional support programmes, mostly ERDF funded, that offer grants and business support to eligible SMEs. These programmes provide a small amount of 'draw down' that is matched against core staff salaries that can be utilised in support of some revenue requirements.
- 6.2 The key activities going forward for the Growth Hub included:
- More outreach programmes targeting market towns under the campaign of "let's do business in..."
 - An evolving 2019/2020 events programme looking for new partnerships and different workshops for delivery. Client feedback indicates that digital and selling workshop provide the best value.
 - More high-profile events such as the Summer Funding Summit which is on 18 July at the Shrewsbury Town Football Club, with 36 exhibitors covering three zones – ERDF funded programmes, alternative lenders & Banks.
 - Working with Remote Media (a local-based company) developing a Start Up and Growth Accelerator Programme for Shropshire as well as working with sponsors who can provide support to local SMEs through their activity.
 - Continuing delivery of ERDF-funded programmes of business support for as long as they remain available, currently indicated at 2021/22.
- 6.3 The Key Account Management (KAM) programme is re-assessing and further identifying companies it should be engaging in support of economic growth in Shropshire and compiling a master list. Given the size profile of companies across

Shropshire, statistical information has identified just over 250 businesses who employ over 50 people.

Given the provision offered by the Growth Hub this is deemed an appropriate level to warrant an interaction.

This 'One – List' will also include a number of companies who are foreign-owned with high turnover but smaller staff numbers and some companies that employ less than 50 people but are pivotal to the economic prosperity of the market town or immediate area in which they operate.

In addition, the Top 25 fastest growing companies in Shropshire have been identified by BDO, in a recently published Shropshire Growth Report that Shropshire Council has contributed to (available as an Appendices), and these have been added to target too.

- 6.4 The 'One List' of these circa 250 companies can then be better utilised across the Local Authority in support of economic growth and business engagement, and to further breakdown 'silo' working across Shropshire Council.

This list can then be dissected to demonstrate a low, medium and high intervention rate. The larger companies, who by their nature have a higher impact (or negative impact dependant on their operating situation) on the Shropshire economy will continue to require high intervention and engagement.

We will look to provide a medium involvement which could be single of point of contact into Shropshire Council, and annual visit and lower engagement would give invitation to our Business Events, and the option to meet with a member of the Business Growth & Investment Team if they are looking to undertake an investment programme.

- 6.5 There are currently four FTE's working across these two areas alongside a Service Manager, and if more resource was employed in these activities it is anticipated that a greater intervention rate with Shropshire companies could be achieved, for the benefit of identifying increased economic growth and prosperity and responding to opportunities that could further benefit the county.

7. Conclusions

- 7.1 Shropshire's Economic Growth Strategy 2017-2021 has three key objectives of supporting and growing new and existing businesses, attracting inward investment and developing and retaining talent and skills. The work undertaken by the Business Growth & Investment services in support of SMEs is invaluable to delivering these objectives and the priority of enabling businesses to grow and succeed.
- 7.2 Shropshire Council's Corporate Plan identifies its vision as 'Innovate to thrive' with identified priorities of a being a good place to do business & sustainable places and communities. Being able to offer this level of business support to SMEs in Shropshire ensures the Business and Investment team are contributing to making Shropshire a great place in which to live, work and visit.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

Cllr Steve Charmley – Portfolio Holder for Economic Growth

Local Members

Appendices

PDF copy of the BDO report entitled: The Shropshire Growth Report – June 2019 – Which path to grow? Questions to consider for a growing region.