

## Report for Information

**Report to** Executive  
7 January 2009  
**Report of** Assistant Director – City Development  
**Subject** Supporting Local Business in an Economic Downturn

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### Purpose

This report is to update the Executive on progress on the Local Enterprise and Growth Initiative (LEGI) programme and the response to local businesses' request to look at practical ways in which the council can support business in an economic downturn.

### Recommendations

To note the progress made on the LEGI programme.

To note the Council's commitment to pay local business invoices within 20 days and to keep this under review until there are signs of improvements in the local economy.

### Financial Consequences

The financial consequences of this report are limited to the possible loss of interest in paying invoices 10 days earlier which has been estimated at a maximum of £2000 in this financial year.

### Risk Assessment

There are limited risks to the delivery of the LEGI programme in relation to ensuring that the LEGI programme is adequately staffed but these can be mitigated by using agency staff on a short term basis. In addition there are additional resourcing and financial risks associated with processing invoices at a faster pace which need to be kept under review.

### Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Strong and prosperous city – working to improve quality of life for residents, visitors and those who work in the city now and in the future" and the service plan priority.

**Executive Member:** Councillor Morrey - Sustainable City Development

**Ward:**

**Contact Officers:**

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**Background Documents**

Local Enterprise and Growth Initiative Application from Norwich. (2006)

## Report

### Economic Downturn & Local Business Support Initiatives

#### Economic Downturn

Norwich is the major centre for employment in the Eastern region providing around 40% of employment in Norfolk. With 120,000 jobs and over 7,000 businesses it is bound to be affected by the current economic downturn. The local economy is strong in financial and business services, the creative industries, health and life sciences and retail/tourism but is dependent on a relatively small number of large companies with some 50 companies having their national and regional headquarters here and employing a substantial part of the workforce. In a global economy such companies are often vulnerable to changes and decisions that are taken elsewhere in the world and their workforces are often highly skilled and recruited internationally rather than locally. In the period from October to December there have been some 1,400 notified redundancies in the city mainly in the banking/finance, service, leisure, retail and construction sectors and this is anticipated to increase in the new year.

The city has had limited success in generating new businesses and this creates an imbalance in the local economy which becomes more unsustainable in an economic downturn.

The Norwich Economic Strategy has therefore focused on supporting local people and businesses to develop and grow their own businesses in order to redress this imbalance.

#### Local Enterprise and Growth Initiative (LEGI) “Go For It” programme

The City Council is responsible for the LEGI programme. The programme started with 8 workstreams up to 2008 and these will reduce to 6 workstreams in the period up until 2011 to reflect a decrease in revenue and increase in capital funding for that period. The following provides a short summary of each workstream:

- 1. Norwich Enterprise Centre:** aims to provide joined up and improved access to enterprise services through a ‘hub’ and ‘one stop shop’ that connects mainstream provision with LEGI and other services for businesses. The City Centre premises provide a base for LEGI staff and business advisors.
- 2. Mentoring for aspiring entrepreneurs** using BizFizz business coaches and expanding from a successful pilot in Bowthorpe and Wensum wards and setting up three additional BizFizz programmes in Mile Cross, Thorpe Hamlet and Lakenham. The BizFizz coaches are supported by a management group drawn from each local community and a panel of local community leaders, professionals and local business people.
- 3. Targeting the change agents** by seeking to build an enterprise culture in local communities through Enterprise Awareness and Business Start Up programmes. The two target groups are young people and women targeted through the Young Entrepreneurs and the Enterprising Women programmes.
- 4. Seizing opportunities** seeks to capitalise on Norwich’s successful economic growth to ensure “payback” for the “indigenous population”. The main activities include providing return to work training in relation to mainstream services. Support is also given to businesses to develop new markets.

5. **Step Up** tackles the barriers that cause Norwich's small and medium enterprises (SMEs) to grow. It aims to do this by providing mentored loan support provided by an existing Community Development Finance Institution (CDFI).

6. **Home Grown Jobs for Norwich** emphasises building enterprise skills in disadvantaged communities through existing community and voluntary organisations to enable them to benefit from public sector procurement opportunities and supporting individual social entrepreneurs to develop their ideas.

7. **Buy Local** aims to capitalise on the spending power of Norwich's 66 largest employers including procurement opportunities in the public sector, working with them to grow markets for SMEs including social enterprises by increasing local purchasing and procurement.

8. **Investing in Norwich** focused on revitalising secondary shopping/employment areas such as West Earlham. Invest in Norwich offered 80% funding to business within the LEGI targeted wards who rented properties in council owned shopping parades to improve external parts of those buildings. Funding has also been used to provide CCTV in these areas as well as improving the retail environment in secondary shopping area.

The LEGI programme also links into the Norfolk Investing in Communities programme aimed at supporting enterprise and developing employment skills.

## **Management**

The City Council is responsible for the LEGI programme and the programme is guided by a LEGI Advisory Board drawn from members of the public, private and voluntary/community sector with City Council staff providing day-to-day management.

## **Results**

In 2007/8, 68 jobs were created through the LEGI programme with 44 business start ups and business support provided for 255 people.

In an economic downturn when people being made redundant often think about setting up their own businesses, the LEGI programme is able to provide vital and the Enterprise Centre has never been busier. There have been 52 business start-ups since July, over 800 advice sessions and 150 individual training sessions.

The programme has collated a number of case studies of successful individuals who have benefited from the programme.

## **Supporting local business providing services to the council**

The council has responded to a request from the Federation of Small Businesses to look at how it can support its small businesses through the economic downturn. One of the practical solutions that the council can offer is to ensure that its local businesses are paid promptly for works and to this end it has agreed that it will, wherever possible, reduce its payment time from the standard 30 days to 20 days in order to help local businesses with their cashflow.

## **Conclusions**

The City Council is committed to supporting local economic development and skills including business growth and enterprise support, through its Economic Development Unit. The LEGL programme is a particularly important form of support in an economic downturn because it can provide a range of additional support to local people and businesses. The council is able to further support local businesses providing services for the council through its payment system and will continue to work with its partners to monitor the impacts of the economic downturn in order to be able to make appropriate responses as the full picture emerges.