

WEST OXFORDSHIRE DISTRICT COUNCIL
ECONOMIC AND SOCIAL OVERVIEW & SCRUTINY COMMITTEE
THURSDAY 26 MAY 2016
REVIEW OF BUSINESS SUPPORT
REPORT OF THE HEAD OF PLANNING AND STRATEGIC HOUSING
(Contact: Will Barton, Tel: (01993) 861482)

(The report is for information)

1. PURPOSE

To outline the support available for small businesses in the district.

2. RECOMMENDATIONS

That the report be noted

3. BACKGROUND

- 3.1. The Committee requested a briefing report on support for small businesses at its last meeting on 17 March 2016. In broad terms, West Oxfordshire's economy is buoyant and performing well. Unemployment is extremely low (JSA Claimant Count of 0.6%) and there are very few empty retail units in the District's towns. The 5,700 businesses in the District are spread across all sectors and many are exhibiting growth.
- 3.2. The context for the request was the acknowledgment that there were a number of issues such as the levels of rent and rates as well as the impact of the internet that are outside the Council's control which mean that although the economy is performing well, some businesses are still struggling.
- 3.3. The Council's role in economic development is to try to create an environment where businesses can prosper. The Council's headline policies for economic development are the continuation of free parking in all our towns and the "town centre first" planning policy to retain retail activities in the town centres. These policies have proved very successful over the years and the District's towns fared well compared with other similar market towns during the recession. However, these policies on their own are not enough to ensure a strong economy and there is a range of support available for businesses – some very general and some sector specific.

Business support

- 3.4. In Oxfordshire there are two very well respected organisations offering support to all small businesses whatever their sector.
- 3.5. Oxfordshire Business Enterprises (www.oxonbe.co.uk) use volunteer (but trained and accredited) advisors to help people setting up new a new business. The service is free and WODC contributes by making meeting rooms available for advisors to meet their clients.
- 3.6. Oxford Business Mentors (www.oxfordbusinessmentors.org) is a similarly structured organisation, again using volunteers, but targets established businesses as opposed to startups. The service is mentoring as opposed to advice but this is more effective for established businesses. Again the service is free and the Council's business development officer works closely with both organisations.

- 3.7. The Council is part of “Oxfordshire Business Support” (OBS, www.oxfordshirebusinesssupport.co.uk). This is the umbrella brand that coordinates business support in Oxfordshire and is run by the OxLEP. OBS employs a series of “Network Navigators” who are effectively part time sector specialists. Their role is to help businesses in the county’s key sectors (including cryogenics, life sciences, digital media and publishing) to connect with each other and with specialist sector support. The Council’s Business Development Officer’s role is to act as a generalist Network Navigator with an in-depth knowledge of the district’s economy and businesses and the ability to point all local businesses in the right direction. As well as the services outlined above, specialist support available includes funding for innovation and R&D from the Government backed Innovate UK, a local forum for businesses trading overseas called the Oxfordshire International Business Club (OIBC) and help for businesses exporting from UK Trade and Investment.
- 3.8. OBS also run events and workshops – they are currently running workshops on marketing and bid writing with other topics to come soon. The Council is hosting two of the marketing courses in it offices.
- 3.9. The organisations that are core to OBS (the district councils, OCC and the OxLEP) have started using a common computer system to monitor business support activity. This system ensures that all parties know who has met, visited or advised individual businesses which means that duplication is avoided and a more coordinated and successful support service can be delivered.
- 3.10. Members should also note that at the end of last year, the Government’s Business Growth Scheme which included the Manufacturing Advisory Service and the Growth Accelerator programme was scrapped. This has heightened the importance of OBS locally and the Council’s role in it.
- 3.11. The Council is also responsive to the needs of local businesses and has a history of trying out new initiatives to help particular sectors. In 2014 the Council trialled a support scheme for independent retailers. The trial was particularly useful at identifying areas where help is needed. The mystery shopping part of the exercise indicated that the retailers reviewed were operating with good standards but also identified that it is a very hard sector in which to make high profits. It also identified that while the business rates burden for retail is much higher than for other sectors of business, the rates themselves did not constitute a major part of the overall business costs. That being said, where profit margins are tight, every cost has an impact on the business. Areas where help is effective were identified as:
- Availability of finance
 - Creation of a helpful environment in which to trade
 - Help with marketing and presentation
 - Activities that help to generate traffic flow
- 3.12. The Council is working to address these areas; officers are currently working on a finance initiative which will be reported to members later in the summer, there have been substantial improvements to the town centre environment, particularly the works to the market squares in Witney and Carterton and the partnership with OBS has resulted in the local marketing courses.

- 3.13. There were also lessons learned from the retail project. The way in which the project was structured created a reliance on the businesses involved to be very proactive in their engagement with the project at each stage. In reality this did not happen with the consultant needing to work hard to keep the businesses engaged. While in hindsight it is easy to see how people who are extremely busy running their businesses might not prioritise the support project, it took considerable consultant time that had not been envisaged at the start. This is a valuable lesson should the Council run a similar project in the future.
- 3.14. The Council is involved in other projects to support businesses including Oxfordshire Soup - (a crowdfunding meets Dragon's Den event) and the West Oxfordshire Business Awards which continue to go from strength to strength. It works closely with the operators of the local business centres to promote flexible business accommodation to the growing businesses in the area.
- 3.15. The Council's own business facing services should not be overlooked as part of the business support structure. Public protection (environmental health), tourism, business rates and planning have experienced staff who can help businesses with their particular issues, while the Business Development Officer acts as the gateway to the wider local, regional and national support outlined above.

Communication

- 3.16. Communicating the support available to businesses is a really important role for the Council and one that officers are continually looking to improve.
- 3.17. The business section of the Council's website (www.westoxon.gov.uk/business) is the main repository and contains a huge amount of information.
- 3.18. The business support information is summarised into a "Quick guide to Business Support" leaflet which is distributed with the business rates bills each year. Further copies of this document are distributed at business networking events and by banks and other professional services to their clients.
- 3.19. The Council is active on social media, engaging local businesses on Twitter and increasingly LinkedIn.
- 3.20. The Council has recently published its first business newsletter which is distributed by email monthly. Good reviews were received for the first edition and officers will continually look to keep it relevant and to increase its circulation.

Changes to business rates relief

- 3.21. Business rates is a contentious issue for many businesses and the retail sector has felt for some time that rents and, consequently, business rates have been a too significant a business overhead for the sector to bear which has consequently led to business failure.
- 3.22. Over recent years the government has tried to deal with some of the issues around business rates with a number of targeted schemes aimed at reducing this burden of business rates. Most of these schemes have been focused on the small business sector (as rates are perceived to be a business overhead skewed heavily towards small businesses) or the retail sector.
- 3.23. Small business rate relief was originally introduced in 2005 and it gave small business (defined by the size of the premises they operate from in rating terms) the chance to receive up to 50% relief on business rates. The amount of relief granted under this scheme is in excess of £1.15m a year to West Oxfordshire small businesses.

3.24. Since October 2010 this small business rate relief has been doubled by successive decisions by central government to support small businesses such that the total small business rate relief awarded in West Oxfordshire in 2014/15 was £2.3m. Under the scheme a business occupying one unit with a rateable value of less than £6,000 will not have paid any business rates since October 2010.

3.25. More recently the government has announced that this scheme will become permanent and has widened the thresholds so that from 1 April 2017 businesses will receive the following reliefs:-

- Properties with a rateable value of £12,000 or less will attract 100% business rates relief;
- Properties with a rateable value of £12,000 to £15,000 will attract some business rate relief on a tapering scale;
- Properties with a rateable value between £15,000 and £51,000 will be subject to the small business multiplier.

3.26. The impact of this latest change is subject to a number of variables including the delayed revaluation of all businesses which is due to also take effect in April 2017. However initial projections are that these latest changes will:-

- Increase the amount of relief awarded from circa £2.3m to £3.9m
- Benefit over 1150 small businesses

3.27. In summary then since 2005 the amount of support given to small businesses in respect of business rates has increased from £1.1m when first introduced to an anticipated almost £4m in 2017. This represents over 10% of the total rates yield within the district. In the region of a third of the West Oxfordshire business sector will be in receipt of some relief from the scheme.

3.28. In addition to the small business rate relief scheme, over the last two years retail relief has been awarded to qualifying retail businesses totalling over £1m.

4. ALTERNATIVES/OPTIONS

Not applicable

5. FINANCIAL IMPLICATIONS

The business support activities outlined above are conducted within the Council's existing economic development budget.

6. RISKS

None applicable.

7. REASONS

To accord with the Council's objective to work in partnership to sustain vibrant, healthy and economically prosperous towns and villages with full employment.

Giles Hughes - Head of Planning and Strategic Housing

(Author: Will Barton, Tel: (01993) 861482; EMail: william.barton@westoxon.gov.uk)

Date: 16 May, 2016

Background Papers: None