

**CABINET RESPONSE TO THE REPORT BY THE ECONOMY
AND CULTURE SCRUTINY COMMITTEE INTO “SMALL
BUSINESS”**

**REPORT OF DIRECTOR OF ECONOMIC DEVELOPMENT
AGENDA ITEM: 1**

PORTFOLIO: LEADER (ECONOMIC DEVELOPMENT & PARTNERSHIPS)

Reason for this Report

1. To respond to a report published by the Economy and Culture Scrutiny Committee in January 2014 entitled “Small Business”.

Background

2. As a part of the Economy and Culture Scrutiny Committee work programme for 2012-13, the Committee agreed to establish a task and finish inquiry titled “Small Businesses in Cardiff”.
3. The following terms of reference were agreed for the inquiry:
 - How small enterprises in the City and those wishing to move here are supported by the Council, in partnership with governmental and non-governmental agencies.
 - How the Council’s strategic approach operates and supports small businesses and whether it meets its objectives.
 - How support is offered in appropriate areas, including training, staff recruitment, finding/providing suitable premises, sign posting to information including (health and safety, taxation, employment law etc), business start-ups, planning and expansion, access to funding.
 - The support given by other Councils to their small enterprises to identify best practice and value for money.
 - Perceptions of small enterprises of the role the Council plays and the services the Council provides e.g. Business Rates (Research Element).

Issues

4. The report recognised that good work is already embedded in Cardiff with a range of business support highlighted. It was also noted that further improvements can be made, and the report’s key findings and

recommendations aimed help the Cabinet to engage with small businesses, understand their issues, and optimise the support that the Council can provide.

5. The report makes 16 recommendations and all have been accepted or partially accepted bar one. Full details of the recommendations and response are contained in appendix A.

Reason for Recommendations

6. To enable the Cabinet to respond to the report published by the Economy and Culture Scrutiny Committee.

Financial Implications

7. Any relevant financial implications will be identified and considered as part of the work to progress the responses to the recommendations that are accepted.

Legal Implications

8. Any relevant legal implications will be identified and considered as part of the work to progress the responses to the recommendations that are accepted.

RECOMMENDATIONS

Cabinet is recommended to agree to the response to the recommendations as set out in Appendix A.

NEIL HANRATTY

Director

11 December 2014

The following appendix is attached:

Appendix A: Cabinet Response to the Report by the Economy and Culture Scrutiny Committee into "Small Business"

The following background papers have been taken into account

A Report of the Economy & Culture Scrutiny Committee – Small Business,
January 2014

Cabinet Response to the Report by the Economy and Culture Scrutiny Committee into “Small Business”

Cabinet welcomes the findings of the Economy and Culture Scrutiny report into Small Business and was pleased to note that the committee recognised the good work that has been carried out by the Council and its partners supporting small business, whilst recognising there are always areas in which we can improve. A response to each of the recommendations is set out below. It should be noted that the responses will also need to be taken in the context of current resource constraints, and that with reducing resources projected for the next three years there will inevitably be a commensurate reduction in overall levels of service delivery. As a result services provided will need to become more focussed and targeted on those areas that can have the greatest impact in terms of supporting business and employment growth. It is also worth noting, however that recent reports have shown improved performance in business start-up rates in the city.

Council and Councillor Roles

**R1. Supports small businesses in Cardiff to succeed in overcoming the challenges they uniquely face, in particular by increasing joint working between Council teams like Licencing, City Centre Management and Economic Development and Cardiff Business Council, and by vesting lead championship and responsibility for supporting small firms across the whole organisation within one Council function.
(Supported by Key Finding 12 and several others)**

Response: This recommendation is accepted

A review of the partnership activities in Cardiff will begin later in 2014, and as part of this economic development will also be included as part of a ‘refresh’ of the What Matters Strategy.

**R2.
Seeks support from the Cardiff Business Council to recognise the unique needs of small businesses in Cardiff, and to ask them to ensure that the voice of the city’s independent traders is clearly heard.
(Supported by Key Finding 14, bullet point 7)**

Response: This recommendation is accepted

The Cardiff Business Council has recently welcomed representatives of smaller businesses to the board, including the Cardiff Retailers Association, the Cardiff Tourism Network as well as the Cardiff Hoteliers Association. The Cardiff Business Council is also actively engaging with the South Wales Chamber of Commerce, Business in Focus and the Institute of Directors. In addition analysis shows that around three quarters of the members of the Cardiff Business Council are SMEs. It is considered important in particular to engage with representative groups for SMEs in the city as they will have ready formed perspectives in terms of small businesses that the Cardiff Business Council can lobby on behalf of. This movement to supporting SMEs will be continued by the Cardiff Business Council.

R3. Seeks support from the Cardiff Business Council to set up a structured approach to working with Ward Councillors, to help them champion the needs of businesses within their locality while building their awareness of the bigger picture of economic development across the city, and helping them avoid being too parochial in their approach.

(Supported by Key Finding 2)

Response: This recommendation is partially accepted

The Cardiff Business Council will include Ward Councillors in key correspondence, namely the Cardiff Business Council newsletters. Ward Councillors can also contact the Cardiff Business Council directly to raise any issues or concerns that they have. It is important, however, to recognise that the Cardiff Business Council is a business representative body, and in many cases it may be appropriate for Ward Councillors to contact the Cardiff Business Council directly.

Procurement

R4. Develops Procurement reporting systems to enable the Council to measure the Council's procurement activity by the size of business procured to provide services.

(Supported by Key Finding 3)

Response: This recommendation is accepted

The Commissioning and Procurement Team are working towards putting in place a system that would enable procurement spend to be reported by the size of organisation. The aim is to have this system in place by winter 2014 and to provide a report for 2013/14.

R5. Once the above system has been introduced, agree appropriate targets for the number and value of contracts awarded to the small business sector, and publish the results each year. (Supported by Key Finding 4)

Response: This recommendation is accepted

Targets will be set once new system in place and results will be published annually.

R6. Considers opportunities identified through the evidence provided to this inquiry to engage with small businesses wishing to provide services to the Council. In particular to consider how social media and e-training packages could reduce the costs of providing direct procurement training to small businesses. (Supported by Key Finding 5)

Response: This recommendation is accepted

The Commissioning and Procurement Team will continue to explore how it can further improve how it engages with small businesses and will explore the potential use of e-training and social media. The Team is already working with Business Wales on delivering a series of targeted 'meet the buyer' events for 2014.

As recognised by the Scrutiny Committee Report the Council, through its Source Regional Project work, has already made it easier for small businesses to access procurement opportunities. In particular the Selling to Cardiff Council Guide and Self Declaration Form have both been well received by organisations and were shortlisted in the Welsh National Procurement Awards 2014. In addition the Council is in the process of upgrading its electronic tendering platform to PROACTIS which will enable electronic tenders to be received, this is anticipated to make it easier for small businesses to tender for work with the Council and reduce the costs of tendering.

R7. Considers how the practice followed by some councils in offering a Top Up Insurance Scheme as mitigation for Public Liability Insurance procurement requirements could be deployed in Cardiff. (Supported by Key Finding 6)

Response: This recommendation is not accepted

Organisations only need Public Liability Insurance at contract award stage; they do not need insurance in order to tender. The costs of Public Liability Insurance

are proportional to the risks and should be built into an organisation's tender costs.

Payments

R8. Considers what it can do to ensure that Cardiff Council promptly pays small businesses for services they provide to the Council. In particular, how the practice of Halton Borough Council (commended to this Inquiry by the Cardiff Federation of Small Businesses) of agreeing early payment discounts which aids cash flow for the business and promotes a message that the Council are 'good to do business with' can be deployed in Cardiff, should such a scheme be acceptable within existing Council or Welsh Government policy. (Supported by Key Finding 7)

Response: This recommendation is accepted

Officers in the Commissioning and Procurement team are currently researching to use of business databases to enable a list of small businesses to be compiled so that appropriate businesses can be identified and appropriate payment terms put in place to ensure prompt payment of undisputed invoices. Officers are also looking at new ways of receiving and processing invoices that will reduce the time involved in payment.

Business Rates

R9. Seeks to work with and educate the small business community about business rates. In particular: ask the Cardiff Business Council as part of its ongoing work with the small business sector to address concerns expressed by small businesses in key findings eight, nine and 10 above; and use various means (such as enclosures in annual rates bills and increasingly via online media such as the Council's website and Twitter) to help businesses understand that whilst the Council is responsible for the collection of Business Rates it is not responsible for the allocation of the monies. (Supported by Key Findings 8, 9, 10 and 11)

Response: This recommendation is partially accepted

The City of Cardiff Council website now has a specific business rates section that includes a page entitled 'What if I feel my rateable value is wrong?' This

page provides a link to the Valuation Office for those businesses who feel that their rateable value is too high. The Cardiff Business Council will also include an update on business rates, including a background to how they are calculated and what happens to the money raised, in a future newsletter. This will information will also be provided on the Cardiff Business Council website.

R10. Ensures that useful advice is available on the Council website and through Cardiff Business Council to support small businesses who are considering an appeal to the Valuation Office Agency (Ty Rhodfa, Ty Glas Road, Llanishen, Cardiff CF14 5GR. Tel: 03000 505505) if they believe that the rateable value of their premises is assessed at too high a rate. (Supported by Key Finding 13)

Response: This recommendation is accepted

The City of Cardiff Council website now has a specific business rates section that includes a page entitled 'What if I feel my rateable value is wrong?' This page provides a link to the Valuation Office for those businesses who feel that their rateable value is too high. See also the response to Recommendation 9.

R11. When the trade of a small business or group of small businesses is affected by nearby development works, the Cabinet takes advantage of its powers through Discretionary Small Business Rate Relief. (Supported by Key Finding 11)

Response: This recommendation is accepted

The City of Cardiff Council has already begun working with small businesses in areas where significant development is expected to take place. In particular the Council has recently launched a Discretionary Small Business Rate Relief scheme for the Dumballs Road area of the city.

Contact Systems

R12. Addresses concerns expressed by small businesses about the difficulty of gaining timely advice from Council officers over a range of inquiry areas including grants, business development and operational issues – either through a centralised contact service, through Cardiff Business Council, through a Council service area or through another effective mechanism.(Supported by Key Finding 12)

Response: This recommendation is partially accepted

The City of Cardiff Council has revised its website to provide more streamlined support and signposting for businesses. However, much of the support is provided nationally, and it is anticipated that the new European Funding Programmes are likely to influence future provision of business support, from advice through to grant and loan funding, and it is considered prudent to get a better understanding of what national provision will be available before overhauling the methods of contacting business support in Cardiff Council. The Council currently provides a single e-mail point of contact using the businessadvice@cardiff.gov.uk address, and C2C are briefed on main contacts within Economic Development. Given current resources and pressures on funding providing an increased level of service provision will also prove difficult. This issue is also reinforced by the fact that funding for the Council's own business support scheme, Capital Cardiff, has been withdrawn, leaving the Council with very little in terms of financial support for small businesses.

Officers will continue to look at and revise the Council website in line with this recommendation in partnership with key stakeholders and service providers in the city.

City Centre

R13. Considers the feasibility of introducing to Cardiff a scheme similar to the Bristol Pound. (Supported by Key Finding 14, bullet point 1)

Response: This recommendation is partially accepted

The Council is aware of the potential opportunity of a loyalty based scheme for businesses in the city and will work with the Cardiff Business Council to explore opportunities for introducing such a scheme.

R14. Recognising the unique contribution to Cardiff's retail offer made by its Edwardian arcades, considers improvements to signposting and way finding from key transport nodes, and how to better profile and encourage footfall through the arcades via Council publications, electronic and social media communications activity. (Supported by Key Finding 14, bullet point 3)

Response: This recommendation is accepted

The Council fully agrees that the arcades in the city centre are a unique asset and shopping experience. The Council will seek to improve the promotion of the arcades and wayfinding through the range of communication channels currently used by the Council. The Council is also seeking to take forward a Business Improvement District proposal which will include allocating funding for improved marketing and promotion of the city centre.

R15. Consider developing more than one Business Improvement District in Cardiff, to spread the benefits evenly across Cardiff's business sectors and neighbourhoods. (Supported by Key Finding 14, bullet point 6)

Response: This recommendation is partially accepted

With regard to the introduction of Business Improvement District proposals in Cardiff, our recent bid for Welsh Government funding was unfortunately unsuccessful. This funding would have enabled the Council to commission consultants to begin the process, and lead us to the point of a ballot following an extensive consultation process. The Council is, however, currently in the process of seeking 'invest to save' funding to help support the development of a Business Improvement District.

The intention is to focus initial activities on the city-centre as this is where the scheme will potentially have the biggest impact and generate a significant budget. If this is successful, the intention would be to look at other key retail centres in neighbourhoods, using the city centre success as a showcase to galvanise support. However, experience from other cities suggests that detailed modelling would be required to support BIDs in neighbourhoods to ensure that revenue raised will produce a significant surplus once administration costs are taken into account. A potential means of mitigating administrative costs in neighbourhoods would be to manage all future BIDs through a single administrative structure which would include the city centre.

R16. Is ready to consider additional findings likely to emerge from Committee's Spring 2014 Inquiry into Cardiff Market and Arcades. (Supported by Key Finding 14, bullet points 3 and 4)

The final report has been submitted to this Cabinet meeting and a response will be considered in due course following consideration of the final report.