

**REPORT TO:** Employment, Learning and Skills, and Community Policy and Performance Board

**DATE:** 23 March 2015

**REPORTING OFFICER:** Strategic Director, Children and Enterprise

**PORTFOLIO:** Economic Development

**SUBJECT:** Proposed Business Support Model

**WARDS:** Borough-wide

## 1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to propose a model/mechanism that accurately determines which businesses, when supported, have the most potential to spur Halton's economic growth.

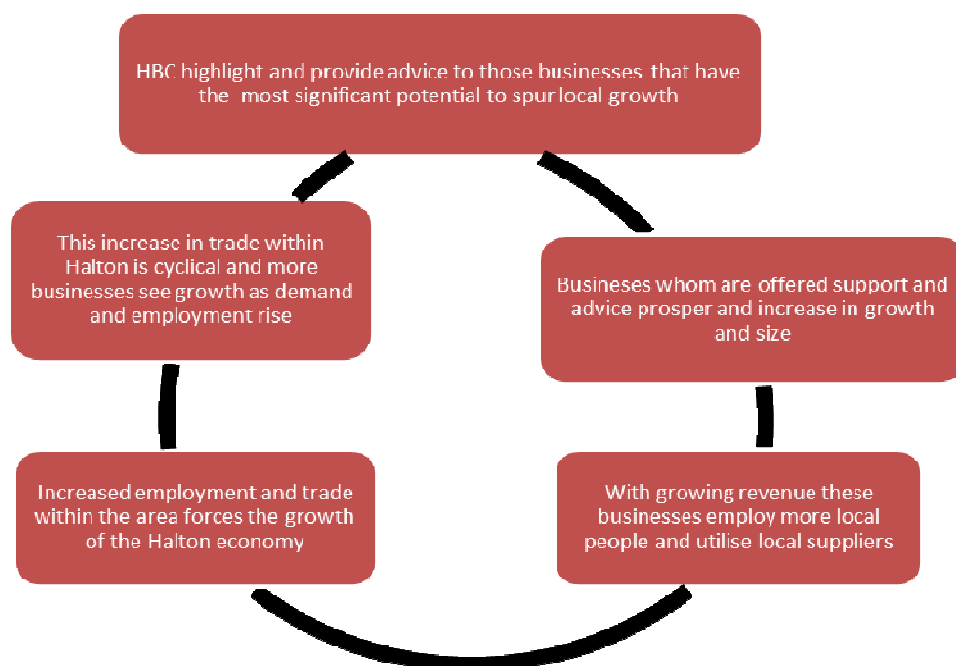
The report has been produced in relation to objective six of the 'Growing Economic Prosperity in Halton' PPB report of September 2014.

## 2.0 RECOMMENDATION:

(i) The proposed business support model is noted and used as part of the wider evidence to inform HBC economic policy and activity.

## 3.0 SUPPORTING INFORMATION

3.1 The basis for the model is as follows:



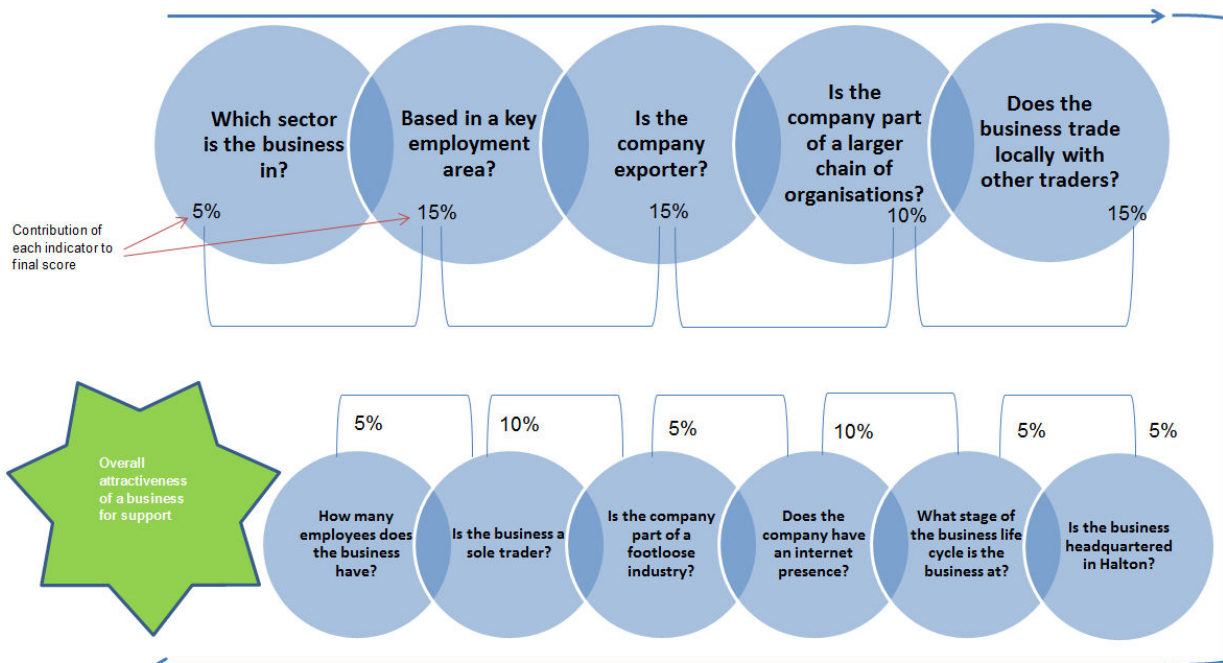
Based on extensive secondary data research, a set of business indicators have been developed to measure which businesses, when supported, will promote local growth most significantly. The model is a two phase process and consists of a primary quantitative system, followed by a more qualitative evaluation of Halton's most 'attractive' businesses.

Phase one of the proposed business model will consider the following business indicators in order to provide an initial list of the businesses in the area that would promote growth most significantly if supported by HBC. Based on the below indicators each business will have an 'attractiveness for support' rating:

1. What business sector is the business from?
2. Is the business based in one of Halton's key employment areas?
3. Is the business an exporter?
4. Is the business part of a larger chain of organisations?
5. Does the business trade with other businesses locally?
6. Is the business headquartered in Halton?
7. What stage of the business life cycle is the business at?
8. Does the business have an internet presence?
9. Is the business part of a footloose industry?
10. Is the business a sole trader?
11. How many employees does the business have?

These indicators and how they affect the proposed scoring mechanism within the model have been developed as a result of various secondary data findings. These sources include, EU, national and regional whitepapers alongside the findings of economic commentators.

The weightings associated with each indicator and their significance to each business' overall rating are represented visually below:



Upon obtaining a list of Halton's most 'promising' businesses the recommendation would then be for HBC to carry out a further qualitative evaluation of 30/50/100 of the top scoring businesses (dependent on staff and time resource). This is the proposed second phase of the business support model. By doing a more qualitative evaluation HBC can ensure that all factors are considered when considering which businesses would have the greatest impact on the local economy if supported.

This more evaluative approach will consider:

Micro environmental factors:

- Threat of new entrants into the business' market
- Potential competitors
- Substitute products
- Supplier power
- Consumer power

Macro environmental factors:

- Laws and policies affecting business activities
- The nature of that particular industry
- Market demand
- Technology associated with the sector

The above is not an exhaustive list and although not all are potentially applicable, these considerations ensure that HBC is utilising its time and resources effectively to only proactively approach businesses that offer the maximum longevity of growth and prosperity to the Halton economy.

#### **4.0 POLICY IMPLICATIONS**

This will result in a shift in the focus and approach of The Business Improvement and Growth Team. Instead of reacting to business support enquiries, HBC will need to be increasingly proactive in its approach of directly supporting key businesses that can best promote local growth.

#### **5.0 OTHER IMPLICATIONS**

N/A

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

This model proposes to proactively support the most economically attractive businesses. It is advised that lower scoring businesses, whilst still important to Halton will still be supported but with a less resource intensive approach.

## **7.0 RISK ANALYSIS**

The proposed model is somewhat subjective and needs to be updated in order to accommodate the changing nature of EU, national, regional and local economic narratives.

Although the model will be useful it is not an exact science and therefore it may be the case that one or two fast growing businesses will go unnoticed due to the complex weightings of each indicator. This will more likely be the case if all eleven indicators are not accessible to HBC.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

N/A

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

There are no background papers under the meaning of the Act.