



British
Chambers of
Commerce
The Ultimate Business Network

Business Support Policy Brief

Updated: December 2009

The British Chambers of Commerce believes that the publicly-funded business support system needs to be made more simple, accessible, responsive and effective in order to better promote business growth.

Summary

- **Publicly-funded business support in England consists of the Business Link website, Business Link information, diagnosis and brokerage services (run by the Regional Development Agencies) and a range of advice, loan, and grant products.**
- **For many years business support provision has not adequately met the needs of businesses, and the need for reform has been widely recognised.**
- **Recent government simplification proposals seek to address this problem, but do not go far enough to deliver the responsiveness and effectiveness that our economy requires.**

Problem

A lack of relevant support, poor experiences, waste and duplication have led to many businesses avoiding publicly-funded business support. Businesses want to see a system that enables them to access high-quality advice and services from providers who understand, and are responsive, to their needs and effectively supports economic growth.

Specifically:

Accessibility

While there is useful information on the Business Link website, more in-depth support is accessed much less by businesses. According to government, the Business Link brand is recognised by 80% of English small businesses, is the most visited small business website in the UK, and leaves 91% of Business Link customers satisfied¹.

However, prior to the simplification process, only 4% of small businesses said they had used a public scheme over the previous year, in contrast to 54% who had used their private accountant for business support².

Responsiveness

Rather than being tailored to the demands and needs of businesses, the system follows the interests of suppliers and government. Too few schemes offer the levels of professional, tailored, expertise that can be bought within the private sector and there is little accountability to businesses in terms of revising schemes based upon assessment of their purpose, relevance or economic impact. Resources are also not effectively targeted at supporting high-growth companies.

Quality of advice

Businesses do need help in recognising the nature of the problems they face and finding appropriate solutions, but the quality of this support remains variable, with too few advisers having practical business experience.

Duplication

Businesses continue to waste time searching for the right services amidst a wealth of schemes, each with their own brand, marketing, staffing, website, customer database and point of entry. Even with the business support simplification process taking place, duplication at a national, regional and local level has not been eradicated. Government departments, regional agencies, and local authorities all continue to operate in this area, with poor referral processes.

¹ Simplifying Business Support: A Consultation, Department for Trade and Industry, 2007.

² The Small Business View of Business Support, The Federation of Small Businesses, 2007.



Evidence

Doug Richard's business support review, undertaken for the Conservative Party, estimated total public expenditure on business support at over £12 billion - two per cent of all government expenditure³.

Research by the National Endowment for Science, Technology and the Arts (NESTA), indicates that six per cent of UK businesses with the highest growth rates generated half of the new jobs created by existing businesses between 2002 and 2008⁴.

The Chamber of Commerce network provides a range of advice and services for businesses, including trade and export services and support for business members throughout their lifecycle. Around 5,000 Chamber events are run in the UK each year for approximately 250,000 businesses.

Recent Government Policies

Following the 2006 Budget the Government instigated a business support simplification programme to streamline over 3,000 publicly funded products to less than 100 by April 2010.

In October 2008, the Government announced that 'Solutions for Business - funded by government' would be the overall brand for publicly funded business support. There will be a package of 30 products fully in place by 2010. This slimmed-down package was broadly welcomed by Chambers of Commerce.

Business Link will still be first point of contact for accessing business support, co-ordinating access to public provision and private and third sector schemes.

Opposition Positions

The 2008 Richard Report recommended a greater focus on business needs, stronger auditing and a single, national, web-based Business Information System. This has since been taken up as official Conservative Party policy, and would theoretically enable businesses to access and then publicly rate services.

The Conservatives' intention to drastically reform or abolish RDAs would dramatically alter the business support system. The lack of clarity in this policy area has left many businesses uncertain of how the support system will operate in the future.

Under Conservative plans, specific grants, tax incentives or venture capital funding for some sectors will still be considered.

The Liberal Democrats would reform business support by restricting national and regional involvement, and encouraging local business coaching schemes.

BCC Policy Position

There is a real need to further simplify the business support system which is currently beset by waste and duplication, and is a source of frustration for business.

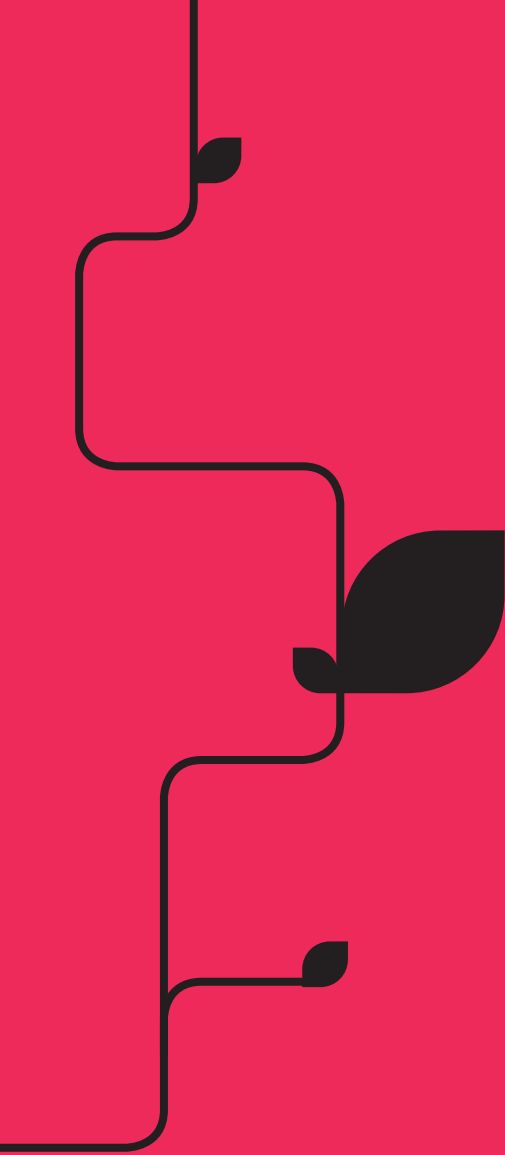
The Government is right to tackle this issue, but the simplification process risks being nothing more than a bureaucratic exercise if it does not embed greater responsiveness to business demand and effectiveness of spend.

A more demand-led system could be achieved through exploring more radical options such as stronger business assessment and public rating of schemes, funding based on agreed outcomes or loans or as part-payment, business support vouchers, or support offered in exchange for services e.g. mentoring.

Given the state of the public finances, business support in the future will need to achieve more with less money. Whilst efficiency savings do need to be made (through greater use of technology and private sector delivery), scarcer resources will need to be targeted to where they will have the most impact. Support for existing businesses with high-growth potential should therefore be prioritised as well as addressing market failures in help for start-up companies.

³ **Small Business and Government: The Richard Report, Submission to Shadow Cabinet, Doug Richard, 2008.**

⁴ **The vital 6 per cent: How high-growth innovative businesses generate prosperity and jobs, NESTA, 2009.**



APPLICABILITY

England only.

CONTACTS

For further information, please contact Kevin Hoctor, Senior Policy Adviser on 020 7654 5809 or k.hoctor@britishchambers.org.uk.