



## South East Economic Delivery Council: Pre Budget Report

### Measures needed to support the South East economy

The **Enterprise Finance Guarantee** scheme, despite a very slow start, is now starting to deliver much needed financial support for small businesses across the region. The scheme is due to end in March 2010; as a result of its success we would welcome the extension of the funding scheme beyond this date.

Access to finance remains a key issue for many businesses in the South East and what is needed is to develop new alternatives to the main high street lenders. The recent establishment of the **Essex County Council's Bank** is an example that should be followed by other councils in the region. This would assist businesses by developing a new lending model that is not based solely on computerised credit ratings, but also takes into account the viability of the business and local knowledge of the company and people running it.

Greater support needs to be given to rural communities across the South East as village shops and pubs in these areas remain at high risk of closure. Village businesses, such as these, are entitled to 50 per cent relief on their business rates under a Rural Rate Relief scheme, but local authorities also have discretionary powers to grant up to **100 per cent business rate relief**. At present to few local authorities offer significant relief above the mandatory 50 per cent.

The FSB wants to see greater coordination of support for rural communities, following the example set by Chichester District Councils **Village Shop Business Support Plan** which includes:

- **investing** in a Village Shop Grant scheme, to provide grant aid of up to £5k towards refurbishment, new equipment, new services and improved security;
- **encouraging** shop owners to apply for business rates relief, in some cases a saving of over £6k a year;
- **introducing** and funding partner agency– Business Link to provide a Rural Retail Health Check to help shop owners look at alternative income streams.
- **organising** a Village Shop Convention to bring together the district's village shopkeepers to share ideas and meet new suppliers;
- **supporting** residents to establish community village shops in Kirdford, Graffham and South Harting.
- **delivering** ongoing business support, contacts and networking opportunities;
- **promoting** free Green Business Audits to help shop owners save money by introducing energy efficient practices; and
- **advising** on health, safety and planning issues.

A package of measures such as these, offered to businesses in all rural communities, would not only help to maintain the numbers of businesses, but also to improve the competitiveness and viability of village shops and pubs across the region.

The **Financial Intermediary** recently created by the Government and delivered via Business Link must be given a much firmer promotion by SEEDA and the Department for Business, Innovation and Skills (BIS) so that business owners are actually aware of this service being offered to help them with problems accessing finance.



## How the FSB is working to help small businesses in the region

The FSB is working with BIS on a **Prompt Payment Code** campaign. As part of the role taken by the South East Policy Unit (SEPU) in this national campaign in July we wrote to SEEDA with three challenges:

1. SEEDA should sign up to the Prompt Payment Code to set the standard for others within the public and private sectors to follow.
2. Publish the names of companies within the Corporate Cabinet already signed up to the Prompt Payment Code.
3. Encourage those members of the Corporate Cabinet yet to sign up do so as soon as possible.

SEEDA have subsequently confirmed that they are now signed up to the code, and we have been assured that the topic will have been discussed at the autumn meeting of the Corporate Cabinet. The FSB will be writing to SEEDA shortly to request information on the outcome of this discussion.

Part of our Prompt Payment Code campaign also involved the naming and shaming of large companies who have increased their payment terms. SEPU have been involved in securing examples of these practices and recently press releases have included examples such as:

- Delivery firm TNT, food producer Bernard Matthews, and catering company the Compass Group have all told small firms to wait 60 days for invoices to be paid; and
- Shopping website Amazon has extended its payment terms to 90 days with a two per cent settlement fee if paid in that time or 120 days without one.

The FSB will continue its campaign of naming and shaming such practices by large companies during 2010.

The **Local Authority Procurement** marketplace in the South East is worth some £4.1 billion and the FSB has been campaigning for the last four years to open up the marketplace to more small businesses. As part of the latest stage in this campaign SEPU hosted two conferences (15<sup>th</sup> September & 14<sup>th</sup> October) to promote examples of best practice employed by Councils to increase the number of small businesses bidding for contracts. The two events attracted over 150 delegates from the public and private sector in order to share their experiences and hear examples of best practice with speakers from the Office of Government Commerce, Councils, IDEA and business owners. As part of the conference agendas video case studies detailing examples of best practice were played to the audience, these will now be turned into a promotional DVD and distributed to all councils across the South East in the New Year.

The FSB is also working with Councils across the region to improve how they consult with the business community to make sure that small businesses are fully encouraged to participate in local democracy and decision making. Councils are being asked to sign-up to the FSB **Small Business Engagement Accord** which contains fourteen principles which if followed will help that effective consultation with the business community becomes a mainstream feature of all future consultations., rather than an optional extra.

To date, twenty four councils in the South East have already signed-up to the Accord and the FSB is working to ensure that by early in the New Year half of the local authorities in the South East will have signed-up.