

1 March 2023

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Title	Support for Small Businesses in & around Colchester		
Wards affected	All Wards		

1. Executive Summary

- 1.1 At its meeting on 21 September 2022, Policy Panel asked to be briefed on how Colchester City Council supports local small/medium enterprises (SMEs) due to the number of residents they employ.
- 1.2 This report:
 - establishes the policy context for economic development locally and in the wider area.
 - outlines the city's business demography and other key data which provides a profile of the local economy.
 - Sets out a detailed description of business support activities taking place directly and indirectly through a variety of effective partnerships.

2. Action Required

- 2.1 Policy Panel is requested to note the scope and nature of business support available to local SMEs and how that supports business and skills retention, skills development and economic diversity in the city and surrounding area.
- 2.2 The Panel is also advised that this activity is part of the [Council's Economic Strategy 2023-2025](#) and that more information, including local case studies, can be found in the Council's [Colchester Annual Economic Report 2021-2022](#).

3. Reason for Review

- 3.1 The Evidence Base, which underpins the new Economic Strategy, identifies five key issues facing the UK's businesses today and importantly, all five are taking place at the same time presenting an enormous set of challenges for business:

CLIMATE CHANGE – Climate change affects most business operations from energy and water consumption, waste generated, consumer demand, supply chain procurement requirements and availability of raw materials, among others. Research in 2019 by Deloitte revealed that there is an increasing pressure for businesses to act from a broad range of stakeholders.

GLOBAL PANDEMIC – The Covid-19 pandemic has affected businesses and the local economy in a range of ways. Three national lockdowns in addition to more cautious behaviour by the public has had a significant adverse effect on footfall and custom. Changed migration patterns during the pandemic have affected labour supply, particularly key roles such as HGV drivers, in the hospitality sector, and seasonal workers. Changes to working patterns, such as

an increase in home-working, presents businesses with both challenges and opportunities.

RUSSIA'S INVASION OF UKRAINE - Russia's invasion of Ukraine is adding to existing issues within global supply chains resulting from the pandemic, and other factors. The war may accelerate the shift from global to regional sourcing. But given China's dominance in manufacturing especially, the shift will only happen gradually and will require Government support. If further sanctions are introduced in response to pressure to manage the use of Russian oil and gas, the UK economy would continue to grow but the pace of growth would be significantly slower.

BRITAIN'S EXIT FROM THE EU - Whilst other economies are seeing recovery from the pandemic in terms of exports, the UK is lagging. When the Economic Strategy's Evidence Base was prepared in Spring 2022, the Office of Budget Responsibility stated that world exports are recovering from Covid growing 8.2%, while the UK had fallen 14% in 3 months to January 2022. EU exit affected trade with the EU. It had also affected labour supply as many EU nationals are not now working in the UK. The OBR claimed then that UK productivity will be reduced by 4% over next 15 years.

BUSINESS TAXES – National Insurance and the Minimum Wage rose last year. There was a cap on Business Rates rises for hospitality businesses.

BUSINESS COSTS – UK businesses face double challenge of rising costs and lower sales due to the cost of living crisis and people spending less. Rising energy costs, record inflation levels, tax rises, changes in the UK labour market (weak labour supply and strong labour demand, combined with the cost of living crisis are contributing to pushing pay rates up) and supply chain costs are all rising - all at the same time.

- 3.2 Businesses are currently under unprecedented pressure so the need for business support has never been greater.

4. Background Information

4.1 Colchester's Business Demography

Company size by employee numbers	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Micro	6,100	5,975	5,990	5,920	6,090	6,525	6170	6865	6910	7035	7275	7365	7255
Small	1,015	995	1,025	1,050	1,080	1,130	1090	1120	1120	1145	1195	1160	1130
Medium-sized	240	245	240	250	235	225	240	245	250	250	250	245	240
Large	25	20	25	25	25	30	30	30	35	30	30	30	30

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Between 2010 and 2022 there has been a 17.3% increase in the number of businesses in Colchester. 84% of businesses in 2022 were Micro (0-9 employees), 13% were Small (10-49 employees) and only 3.1% were Medium or Large (Medium: 50-249 employees, Large: 250+ employees).

Considering the volatility in the economy, Colchester businesses appear to be remarkably resilient and stable, possibly due to the diverse nature of sectors they contribute to.

Feedback from The Colchester Business Opinion Survey Autumn 2022, indicated that, for many businesses, growth has been put on hold to manage risks to the business until a more settled political and economic outlook is established.

4.2 Council's Approach to Supporting SMEs

• Partnership Working

The Council is connected with a variety of business organisations including:

- The North Essex Economic Board (NEEB) – a partnership of six north Essex Local Authorities: Tendring, Braintree, Maldon, Chelmsford, Uttlesford and Colchester
- The 'Our Colchester' Business Improvement District
- The Colchester Business Enterprise Agency (Colbea) which has hosted and supported businesses in Colchester for over 40 years
- The BEST Growth Hub – the business support arm of the South East Local Enterprise Partnership
- Let's Do Business Group – financial advice specialists
- Colchester Ambassadors' Group of key business people
- The Federation of Small Business
- Essex Chambers of Commerce
- A variety of specialist business/sector networking groups

The Council works closely with the Business Improvement District to support businesses in the City Centre. This includes participating in their Board, contributing to the development of strategies and plans, and working together to deliver projects.

During the pandemic, we supported businesses by distributing Government grants and providing specialist support.

The Council was particularly fast at distributing direct grants to businesses. In addition, the Council contributed to a pool created by The NEEB to procure a range of advice and training contracts to support businesses across North Essex. The table below gives an indication of the nature and take up of this range of support in Colchester in particular.

It is worth noting that take up and participation from Colchester businesses exceeds other North Essex Districts on every count. This may well be due to the longevity of business support in Colchester from Colbea and the higher number of businesses here.

<i>Business Support contract commissioned</i>	<i>Delivery Partner</i>	<i>Colchester business participation / outcomes Dec 2021-Dec 2022*</i>
Business Start Up/Pre-Start Support	Colbea	7 new businesses created 12 new jobs created 27 students reached
Digital e-commerce	Colbea	7 businesses safeguarded 51 delegates attended training courses
Digital Skills development	Tech Talent*	6 learners signed up
Import / Export – how to	Colbea	17 businesses supported 17 delegates attended training courses
Business Navigation (diagnostic sessions)	BEST Growth Hub	107 businesses supported. Mainly wanting advice on finance and funding, skills, and mentoring
Low Carbon	Colbea	13 businesses supported 13 attended training courses
Finance & Debt Management	Let's Do Business	31 businesses supported 27% share of North Essex businesses supported which had finance raising fund interventions

*This contract commenced in November

In addition, the Council has commissioned an additional business support programme from Colbea to help local businesses save and manage costs given the current raft of cost pressures resulting from inflation, supply chain, energy, wage, and commodity cost rises. This is based on a review of all business contract procurement and is a free 1:1 service for 25 local businesses.

When the Pandemic began to take an effect in March 2020, the Council moved quickly to directly support Colchester's businesses. There was a direct investment into:

- In partnership with the BID, supporting town centre retailers with two artworks at the junction of Short Wyre Street/Queen Street and also in Sir Isaac's Walk (installation due this Spring) and the installation of nine wooden Parklets along the High Street.
- Financing £30,000 of additional resource to enable Colbea to offer more hours of business support, advice, and guidance during 2020 as the Pandemic took hold.

• **Inward Investment and regeneration**

The Council has successfully applied for Government grants to support businesses directly and by improving the trading environment. These grants include:

- The Town's Fund - £19.2m
- The Levelling Up Fund - £19.66m
- The Shared Prosperity Fund - £1.3m

It has also applied for an allocation from the Rural England Prosperity Fund which would provide direct grants to rural businesses.

These grant-funded programmes are supporting businesses by creating new shared work-space for small tech firms, attracting footfall to the City Centre by improving the public realm, and raising the skills of local residents by supporting IT training.

• **Signposting**

As well as the Council and Colbea's direct support signposting to businesses, there is a highly effective referrals programme between the partners listed above depending on the specialism of the partners and the needs of the business.

A recent example of the Council's direct signposting for businesses can be seen on the official Council website where there has been a recent posting to help business leaders navigate through the cost of doing business crisis and also the official website for Colchester businesses. www.colchesterultraready.co.uk

• **Consultation & Engagement**

- *Meetings:* The Economic Development team meets with businesses individually, it networks among business groups, makes connections to foster fruitful relationships and liaises with them where there are projects which affect them
- *Annual Business Rates Consultation Meeting:* a statutory meeting with businesses to inform them of the Council's financial obligations around Business Rates. This meeting is also an opportunity to discuss the Annual Economic Report for the previous year and any other issues relevant to business
- *Annual Economic Report:* a digest of key statistics relevant to the Colchester economy alongside a series of case studies from local businesses which aims to share learning and insights

- *Business Opinion Surveys*: carried out annually to gauge opinion and inform the delivery of partnership work and the Economic Strategy.

5 Equality, Diversity and Human Rights implications

5.2 There are no Equality, Diversity or Human Rights implications

6 Strategic Plan References

6.1 The programme of business support is driven by the Council's new Strategic Plan 2023-26 objectives:

- Growing our economy so that everyone benefits
- Respond to the climate emergency
- Delivering modern services for a modern city
- Improving health, well-being and happiness

7 Consultation

7.2 Consultation is the essence of business support. The actions outlined in 4.2 above demand constant consultation, engagement, and shared communication between partners to understand and gain insights into economic activity in and around Colchester and beyond.

8 Publicity Considerations

8.2 There are no publicity considerations.

9 Financial implications

9.2 There are no financial implications for the Council.

10 Health, Wellbeing and Community Safety Implications

11.1 There are no Health, Wellbeing and Community Safety implications.

11 Health and Safety Implications

11.2 There are no Health and Safety implications.

12 Risk Management Implications

12.2 There are no Risk Management implications.

13. Environmental and Sustainability Implications

13.1 There are no direct Environmental and Sustainability implications from this programme of business support

Background Papers

[Colchester Economic Strategy 2022-25](#)
[Colchester Annual Economic Report 2021/22](#)