
Business Start-up Support in Manchester

A Briefing Note Prepared by Blue Orchid for the Economy, Employment and Skills
Overview and Scrutiny Committee - Business Start Up Task & Finish Group

1st December 2011

Introduction

This report briefly outlines the main themes that will be addressed by Blue Orchid in our presentation to the Task & Finish Group on 1st December. The presentation will give a background to Blue Orchid, our work in Manchester, and will specifically focus on the ISUS and NEA programmes, for both of which contracts Blue Orchid is the sole provider in the City.

Blue Orchid in Manchester

Blue Orchid has been established for 10 years as a specialist provider of, business training, business start-up and employability support services.

The company has been active in Manchester since March 2007, and is now established as the first point of contact for all enquiries concerning business start-up and self-employment support. We have established a key delivery centre in Central Manchester (Chorlton St) where currently we receive in excess of 100 enquiries per month from Manchester residents about business start-up.

We have benefited from an excellent relationship with Manchester City Council, in particular the Economic Development Unit, on whose behalf we have delivered a range of contracts, and also in particular with the local Regeneration Teams, City Libraries and the Housing Department, with whom we have collaborated to ensure our service has extended to all communities in the City.

Below is a short description of the key start-up/enterprise projects we have delivered or are delivering now in Manchester.

- Enterprise Engagement (2009-10) – MCC-funded project to promote enterprise amongst disadvantaged communities
- Business Start-up: Phase I (April 2007-August 2009) – NWDA ‘mainstream’ business start-up contract, aimed at regional priority groups (women, disabled people, BME, social enterprise, and residents of HMR and UDC areas)

- White Males Start-up Project (April 2007-August 09) – MCC-funded initiative to deliver business start-up support to those excluded from NWDA BSU Phase I project (i.e. white males)
- Business Start-up: Phase II (ISUS) (Sept 2009-December 2011) – NWDA business start-up contract, aimed at regional priority groups (women, disabled people, BME social enterprise, and residents of HMR and UDC areas), with a limited amount of funding for locally agreed priorities (in Manchester's case, white males).
- ISUS 'Top-up' (Sept 2009-March 2011)– MCC-funded contract providing additional volume on the ISUS contract.
- School Gates (Sept 2009-March 2010) – DWP funded pilot project to promote enterprise to parents of children attending schools in deprived areas.
- Response to Redundancy (Sept 2009-March 2011) – SFA-funded business start-up training programme, aimed at people threatened with or recently made redundant.
- New Enterprise Allowance (Aug 2011-Mrarch 2013) – Jobcentre Plus scheme to encourage self-employment among those claiming JSA for 6-12 months.
- Work Programme (April 2011 onwards) – Blue Orchid is a specialist provider of self-employment support for Work Programme clients i.e. those who are JSA 12+ months.

Through successful delivery of these services – together with other employability projects not included in the above list – Blue Orchid has become strongly visible as the City's principal provider of business start-up support.

Intensive Start-up Support (ISUS) Programme

ISUS is a regional NWDA programme that provides targeted business start-up support for disadvantaged groups as indicated above. Features of the programme include:

- Access to a minimum of at least 12 hours of 1-to-1 advisory session and group workshop activity
- Business Review telephone contacts at the 3, 6, 12, 24 & 36 month trading point
- A minimum of 3-hours' support each year for up to three years after start-up
- A requirement to create 1.6 jobs per business start-up

Blue Orchid delivers ISUS in Manchester and also in 10 other local authority districts across the NW. The model for payment to Blue Orchid is as follows:

- Application onto Programme (10%)
- 12-hours support delivered (10%)
- Business Start-up Payment (50%)
- Post-start Payment (30%)

Blue Orchid's unit delivery rate in Manchester was initially £2,350, though in 2010-11 this was reduced by 20% to £1,880 following funding cuts to the programme.

Referrals to programme have been very strong, originating from Business Link, the City Council, JCP and the Voluntary & Community Sector, though in Manchester clients come to Blue Orchid most frequently through word-of-mouth referral.

Our presentation to the Task & Finish Group will provide a detailed analysis of provision under the ISUS programme to include:

- Performance statistics to date
- Typical stages of the client journey
- Breakdown of sources of enquiries to the programme
- Conversion rates (e.g. from Enquiry to Business Start)
- Analysis by labour market group (employed/unemployed; age; gender; BME, disabled)
- Area analysis
- Types of businesses started
- Key barriers and critical success factors
- Case studies

Importantly we will present our own view of the lessons learned from our experiences as an ISUS provider and how similar support could be improved in the future.

New Enterprise Allowance

As mentioned above the NEA is restricted to JSA claimants who are between 6 & 12 months unemployed.

Blue Orchid commenced delivery of JCP's NEA Programme in Manchester on August 1st this year. Manchester is part of the Greater Manchester Central and Cheshire (GMCC) JCP District, which also includes the local authority areas of Trafford, Salford, Cheshire East, Cheshire West and Warrington.

We are also the NEA programme Lead Accountable Body (LAB) for the Greater Manchester East & West District, and recently were also awarded the contract for the Merseyside District.

The key aspects of the programme are:

- › A weekly allowance of £65 for 13 weeks, followed by £33 for the next 13 weeks
- › Availability of a low cost loan of up to £1,000
- › Access to a volunteer business mentor

Our target for the GMCC District up to March 2013 is 1140 starts, of which 439 are notionally allocated to Manchester. This equates to approximately 22 per month for the City over the duration of the contract.

We have worked very closely with JCP to ensure the easiest possible local access to NEA support, and have arranged that initial 1-to-1 Advice sessions will be delivered by Blue Orchid staff in every Jobcentre in Manchester. Group workshops will be delivered in well known local venues such as libraries, learning centres and community centres. In addition we are recruiting a pool of volunteer business mentors who will support NEA clients during the early stages of their business. Many such mentors are themselves recent start-ups, and we have also engaged other local business networks including the GM Chamber and Pro Manchester in the mentor recruitment drive.

It is perhaps too early in the programme to make a proper evaluation of NEA, however we would like to share our initial thoughts with the Task & Finish Group, and in particular explore the potential to enhance delivery of the programme at local level.

The Future

It is clear that with the cessation of ISUS on 16th December, and in the absence of a replacement programme, there will be a massive impact on self-employment support in the City. Significant gaps will appear in those eligible for support, and Blue Orchid will be immediately faced with turning away each month hundreds of people who live and work in Manchester who wish to explore the potential of self-employment.

Our presentation to the Group will detail specifically the numbers of people for whom on 16th December we will have to curtail our service, the alternative options, and our plans to seek to restore an ISUS-type service in Greater Manchester and across the region.