



Collected case studies: Small and Medium Sized Enterprises (SMEs)

- *Financial support, training & consulting*
- *Supporting apprenticeships in SMEs*
- *Building networks & supply chains*

This paper brings together a number of case studies on how cities from the UK and beyond have supported their small and medium sized enterprises (SMEs).

SMEs, particularly those in the most innovative sectors, are important drivers of employment and output growth.

An efficient business support system, which is easy to navigate, evaluate and manage is essential to facilitate the creation and prosperity of businesses. Publicly-funded initiatives such as business advice, improved access to finance and funding, and knowledge exchange and innovation, can help cities attract new businesses and improve private-sector performance, particularly for SMEs.

The case studies demonstrating how cities support their SMEs and what they are trying to achieve are split into the following groups:

- **Providing financial support and one-to-one consultations to SMEs**

Over the last 15 years, the way publicly-funded business support is delivered has gone through a number of changes. Some business support functions were moved to a local level and cities have been able to provide both finance and consultation to help small businesses to start and grow.

- **Supporting apprenticeships in SMEs**

The biggest constraint for SMEs taking on apprenticeships is the additional strain it creates for small and minimally resourced administrative and human resources departments. Local partners can support SMEs in creating apprenticeships, including those of a high level and ones tailored to the local economy, through providing HR and administrative support to offset their costs.

- **Embedding SMEs into local networks and supply chains**

Cities can support their SMEs by helping them to build networks both with similar firms in order to develop a competitive advantage, and with larger local business and universities to deepen links and embed them into local supply chains.

Providing financial support and one-to-one consultation to SMEs

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Providing finance for social enterprises and SMEs

Lead organisation: the Black Country Reinvestment Society

Location: Wolverhampton, UK

Year: 2002 – to present

Keywords: SMEs; Business support

Read the full briefing: [Support for growing businesses](#)

The Black Country Reinvestment Society (BCRS)¹, located at Wolverhampton University's Science Park, was founded in 2002 to provide finance for social enterprises and SMEs in the Black Country (Dudley, Sandwell, Walsall and Wolverhampton). It now serves the entire West Midlands region and provides loans of between £10,000 and £100,000 for SMEs with a repayment period of between one to seven years. The BCRS combines local private sector funding providers, including commercial banks, co-operative funds, corporations and individuals with funding drawn from the public sector and EU funding streams which allows for a larger finance portfolio.

Using a business-to-business voucher scheme

Lead organisation: Nesta, Manchester City Council

Location: Manchester, UK

Year: 2010

Keywords: SMEs; Business support

Read the full briefing here: [Support for growing businesses](#)

Creative Credits² is a business-to-business voucher scheme initially proposed by Nesta. The vouchers worth £4,000 are issued to SMEs that can spend them on buying services from creative companies as long as they add at least £1,000. The scheme was piloted in Manchester in 2010. 75 vouchers were issued in the first round. The second round offered twice as many grants and was co-funded by Nesta, Manchester City Council and a group of local stakeholders.

The scheme was massively oversubscribed; the evaluation of results has shown that the scheme generated an average of £3,430 additional sales per business by the end of the project, and 95 per cent of grant recipients said that they expected more benefits in the future. 83 per cent of project participants have said that the grant has increased their innovation capacity³.

1 <http://www.bcrs.org.uk/>.

2 Nesta (2011) "A Guide to Creative Credits", http://www.nesta.org.uk/sites/default/files/a_guide_to_creative_credits.pdf.

3 Bakhshi, H. et al. (2011) Creating Innovation in Small Medium-sized Enterprises, NESTA working paper.

Encouraging SMEs and start-up activity

Policy aim: Deliver one-to-one consultations to local businesses

Lead organisation: Lincolnshire Business Support Network

Location: Lincolnshire, UK

Keywords: SMEs; Business support

Read the full briefing here: [Support for growing businesses](#)

Lincolnshire Business Support Network⁴ was set up by four Lincolnshire local authorities to encourage SMEs and start-up activity in the local area, which has traditionally had low levels of entrepreneurship and innovation. The councils are working in partnership with private sector support providers to deliver one-to-one consultations to local businesses. The scheme aims to target businesses that struggle to navigate the business support system due to issues of economic deprivation, rural isolation or poor broadband coverage. The ambition of the scheme is to establish a robust and sustainable local market for business support.

Supporting apprenticeships in SMEs

The biggest constraint for SMEs taking on apprenticeships is the additional strain it creates for small and minimally resourced human resource and administrative departments. Local partners can support SMEs in creating apprenticeships, including those of a high level and ones tailored to the local economy, through providing HR and administrative support to offset their costs.

Managing HR and administrative functions on behalf of employers

Lead organisation: Glasgow Guarantee

Location: Glasgow, UK

Year: 2008 – to present

Keywords: Apprenticeships; Youth unemployment; SMEs

Read the full report here: [Delivering change: Making apprenticeships work in cities](#)

The Glasgow Guarantee began in 2008 as the Commonwealth Apprenticeship Initiative, a legacy programme which sought to ensure that Glasgow school leavers would benefit from jobs and apprenticeships in construction associated with the 2014 Glasgow Commonwealth Games. In 2009, following the recession and the threat of youth unemployment in the city, the scheme was extended to cover all types of work. As part of the Glasgow Guarantee, Glasgow City Council offers a service which manages some of the administrative and HR functions associated with apprenticeships on the behalf of employers. They advertise vacancies, handle recruitment, and sometimes shortlist, depending on the preference of the partner firm. Young people apply to the council for vacancies rather than to the employer, and the council also handles feedback to unsuccessful applicants.

Unlike many of the other examples, Glasgow Guarantee partners found that SMEs were particularly interested in the scheme, in part because of the recruitment support offered. And a survey of employers' experience found that while their initial motivations for being involved had been in order to access the

⁴ <https://www.lincoln.gov.uk/business/business-support-and-advice/lincolnshire-business-support-network-linbis/>.

wage subsidies, those most likely to use the scheme again would do so because of the recruitment support provided⁵.

Lowering costs for employers with Apprenticeship Training Agencies

Lead organisation: London Apprenticeship Company

Location: London, UK

Year: 2009 – to present

Keywords: Apprenticeships; SMEs

Read the full report here: [Delivering change: making apprenticeships work in cities](#)

The biggest constraint for SMEs taking on apprenticeships is the additional strain it creates for small and minimally resourced administrative and human resources departments. Apprenticeship Training Agencies (ATAs) were introduced in 2009 as part of the National Apprenticeship Service to lower the costs to employers of taking on an apprentice by taking on HR and administrative functions. There are now around 50 ATAs across the UK, which receive funding support from the Skills Funding Agency. Established to address the obstacles that businesses, and particularly small and medium sized businesses, face in delivering apprenticeships, ATAs act as recruitment agencies, recruiting, hiring and establishing the training plan for the apprentice.⁶ ATAs act as a stepping-stone for SMEs in recruiting apprentices. Typically the apprentice is employed by the ATA for around three months while the employer pays a set fee, and is then taken on directly by the employer.⁷

The London Apprenticeship Company was set up in 2009 with support from the Greater London Authority and was the first ATA to open in the UK. It works with both local authorities and businesses to support apprenticeships, and has supported more than 500 businesses to create over 1,000 apprenticeships. It provides a full range of support services for apprentices, helping recruitment, advertising, providing mock interviews and presentations, negotiating pay, employing apprentices on the behalf of companies, and offering supervision and pastoral support. The LAC also brokers government grants such as the Apprenticeship Grant for Employers.⁸

Creating professional apprenticeships for SMEs

Lead organisation: Price Waterhouse Coopers (PwC), Greater London Authority, Department for Business, Innovation and Skills and the National Apprenticeship Service

Location: London, UK

Year: 2013

Keywords: Apprenticeships; SMEs

Read the full report here: [Delivering change: making apprenticeships work in cities](#)

There is a growing awareness among business services companies of a need to diversify their intake beyond standard graduate recruitment channels⁹. This has led some employers to explore how they

5 Centre for Cities interview.

6 Centre for Cities interview.

7 Centre for Cities interview.

8 London Apprenticeship Company (2016) Matching, training and supporting employers and apprentices, <http://bit.ly/23E55hj>; Centre for Cities interview.

9 Centre for Cities interview.

can utilise apprenticeships within their workforce. London's economy is strongly knowledge-based – 23 per cent of all jobs are in private knowledge intensive business services – and it has one of the UK's most highly skilled workforces, with 48 per cent of all working residents having at least degree level qualifications¹⁰. However, the city also faces a substantial skills challenge, which covers a number of sectors, and particularly intermediate level skills which support knowledge intensive business services such as business, administration, finance and law¹¹.

Building on their development of higher apprenticeship frameworks in professional services, PwC set up the London Professional Apprenticeship Programme in 2013 alongside the Greater London Authority, the Department for Business, Innovation and Skills (BIS) and the National Apprenticeship Service (NAS) in order to support the creation of 250 professional apprenticeships by small and medium sized businesses, only 5 per cent of which employ apprentices in London¹². The programme is funded by £1.4 million from BIS via the Olympic Legacy Budget, which has supported design, set up and early implementation, while £900,000 from PwC will go towards ongoing costs, such as training and networking events, mentoring, and a graduation ceremony¹³. The LPA Programme also runs a network for apprentices in London that provides social as well as professional support¹⁴.

The scheme now has around 400 SME partners, 70–80 per cent of which had never offered an apprenticeship before. In September 2015, 84 per cent of all enrolled apprentices were on track to complete their apprenticeship, compared to a national average of 69 per cent¹⁵.

Increasing employer involvement in the design of training programmes (II)

Lead organisation: Sheffield City Region LEP

Location: Sheffield City Region, UK

Year: 2012 – to present

Keywords: City and growth deals; Apprenticeships; SMEs

Read the full report here: [City deals and skills](#)

The government has made a renewed commitment to devolve power to give cities greater control over local housing, employment, transport, healthcare and skills. Employment and skills have been a central feature in these policies, particularly the City Deals and Local Growth Deals, designed with the overarching aim to drive local economic growth.

Sheffield City Region also negotiated a brokerage model through its City Deal, which will involve reaching out to SMEs in particular and determining their needs before seeking applications from providers to deliver apprenticeships frameworks that match these needs (including from local colleges and partnerships of colleges). To date, at least 15 new apprenticeship frameworks have been created that respondents feel meet local business and sector needs more effectively than the national apprenticeship frameworks.¹⁶

10 Centre for Cities (2016) Cities Outlook 2016.

11 London: Centre for Cities London Councils (2015) Skills Gaps http://skillsmatch.intelligentlondon.org.uk/skills_gaps.

12 BIS (2013) Press release: £2.3 million to open London's professional services to more apprentices. <http://bit.ly/1Sz8RR1>.

13 PwC (2013) New PwC programme to open up professional apprenticeships for business in London. <http://bit.ly/1oX6gZt>.

14 Centre for Cities interview.

15 PwC (2015) London Professional Apprenticeship students celebrate graduation. <http://bit.ly/1VICXxj>.

16 <http://sheffieldcityregion.org.uk/city-deal/>.

Embedding SMEs into local networks and supply chains

Cities can support their SMEs by helping them to build networks both with similar firms in order to develop a competitive advantage, and with larger local business and universities to deepen links and embed them into local supply chains.

Fostering a culture of open innovation through collaborations

Lead organisation: Interface Food & Drink

Location: Scotland, UK

Year: 2005 – to present

Keywords: University links; Business support; Innovation; SMEs

Read the full report here: [Delivering change: Supporting links between universities and high-growth firms in cities](#)

Interface Food & Drink is a network of universities and businesses driven by industry demand in Scotland to close a gap in innovation investment. The network aims to foster a culture of open innovation in the sector through collaborations between industry and academia. It forms part of the wider Interface group which shares research findings between Scottish Universities. Interface Food & Drink is a partnership of Scotland's 17 universities as well as industry groups such as Scotland Food and Drink, Scottish Enterprise, trade associations and trade bodies.

One example of the network's benefit was a local commercial bakery that was introduced to ultrasound technology - originally developed by Herriot Watt University for medical implant polymers - to improve the baking process of gluten free products. This cross sector innovation facilitated by a large network can result in unexpected research opportunities and in this case commercial gains from patented technology. Our interviews found that a particular attraction for high-growth firms to the Interface network was to match expertise from different universities to businesses through a single forum. The network facilitates this by matching businesses with the relevant research department from any of the 17 Universities. This means businesses don't have to spend time establishing who the 'right person' to contact is as Interface consists of a broader range of research expertise than if with a single institution.

The network supports businesses regardless of whether they are considered high-growth, but this brings its own risks. The remit to work with SMEs has meant that some early research projects were abandoned due to capacity shortages associated with smaller businesses. To combat this, Interface has worked with bringing groups of businesses with common issues together. Often these common interest groups are made up of competing firms. For example farmers from across Scotland form the Scottish Cold Pressed Rapeseed Oil Industry Group (SCPROIG) work with different university researchers to quantify the benefits of local soil conditions to their product and therefore their collective competitive advantage. Alternatively, those brought together may have a shared interest but come from unrelated business areas. For example meat, agriculture and drinks businesses all wished to lower their waste levels and the costs associated with this. Through collaborating with researchers from the mathematics departments of different Scottish universities, they have used new algorithm based modelling techniques to cut waste.

This network works with businesses to gain the appropriate scale to invest in research and development i.e. undertaking the research may not be cost-effective for one business but forming a common interest group

makes it affordable. It then matches these needs from businesses with professors and departments across 17 Scottish Universities to find the most appropriate responses. By assembling different groups of partners the network can deliver targeted solutions to problems identified by businesses; increasing the innovative advantages of the businesses and creating applied research opportunities for the universities and professors.

Using large ‘anchor’ firms

Lead organisation: Warwick Manufacturing Group and the Advanced Manufacturing Research Centre

Location: Warwick and Sheffield, UK

Year: 2001 – to present

Keywords: University links; Business support; Innovation; SMEs

Read the full report: [Delivering change: Supporting links between universities and high-growth firms in cities](#)

The Warwick Manufacturing Group (WMG) capitalises on the region’s strength in the automobile industry through investment from automotive industry partners. The Advanced Manufacturing Research Centre in Sheffield is a long established partnership with the University of Sheffield (since 2001) which builds on historical local industry strengths with funding and research investment from industry partners.

Both the WMG (Jaguar Land Rover) and the AMRC (Boeing) use large ‘anchor’ firms to draw research investment into their city economies to work with local firms to embed supply chain innovation benefits. In both cases the large firms have provided significant upfront investment and improved research capabilities. In both cases, smaller firms have benefited from the specialised labour in the area and established supply chains that have been created. WMG do this through their knowledge transfer services, which engage over 1,700 SMEs. Many of these are from the local area but the reach is global, this enables these small businesses not only to access the expertise of the WMG but also access a global network of suppliers. Similarly, the AMRC have small business members but also collaborate with non-member SMEs, including on over 300 projects in the Yorkshire and Humber region.

In both examples, the city is benefiting from universities’ relationships with larger firms and breaking barriers to ensure that smaller high-growth firms are able to gain from supply chain orders and innovation.

More information



The case studies in this document came from several reports including:

- *Support for Growing Businesses*, which can be read at: www.centreforcities.org/publication/support-for-growing-businesses/
- *Delivering Change: making apprenticeships work in cities*, which can be read at: www.centreforcities.org/publication/delivering-change-making-apprenticeships-work-in-cities/
- *City Deals and Skills*, which can be read at: www.centreforcities.org/publication/city-deals-and-skills/
- *Delivering Change: supporting links between universities and high growth firms*, which can be read at: www.centreforcities.org/publication/delivering-change-supporting-links-between-universities-and-high-growth-firms-in-cities/

You can find more case studies on our website across key areas of economic growth policy such as housing, transport, business growth and innovation.

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