CITY OF YORK COUNCIL

**Economic & City Development Overview &**      **11 June 2014**
**Scrutiny Committee**

Report of the Online Business / E-Commerce Task
Group

## Online Business / E-Commerce Scrutiny Review Update Report

### Summary

1. This report presents Members of the Economic & City Development Overview and Scrutiny Committee with an update of the work to date carried out by the Online Business / E-Commerce Task Group.

### Background

2. At a meeting of ECDOSC on 28 January the Committee considered a briefing paper on a proposed scrutiny review of Online Business / E-Commerce in York.

3. The briefing paper provided information on Office for National Statistics data which suggests that more than half of all UK enterprises are now run from the owner's home and there are 2.5 million such businesses operating across the UK.

4. Increasingly the traditional High Street retail sector is having to explore a multi-channel approach to reaching its markets. The "click and collect" model is increasingly used by the major chain retailers but independents may not have access to the technology or skills to take advantage of this new way of earning custom.

5. This area of concern – the need to encourage retail and traditional city centre businesses to make the most of the most recent technologies and telecommunications – is an issue that has been raised by City Team York.

6. There is also feedback from local business networks that the pace of technological change and the development of social media outlets for customer engagement are outstripping the pace at which particular independent or smaller companies can adapt.

7. The Committee agreed the topic was suitable for review and appointed a Task Group comprising Councillors Semlyen, Watt and Cuthbertson to carry out the work on their behalf. During the course of the review Councillor Watt was replaced by Councillor Barnes who has professional experience in social media.

8. The Task Group met for the first time in February 2014 to agree a draft remit for the review and Councillor Cuthbertson was appointed Chair. The Task Group invited the Economy and Enterprise Manager to the meeting to assist them.

9. As a result the Task Group agreed the following review aim, objectives and provisional timetable as show in Annex A:

**Aim**

Identify how City of York Council may better support city centre (within city walls) businesses to develop their online opportunities and improve their sales, marketing and profitability.

**Objectives**

i. Identify gaps in current support for online business and commerce

ii. Identify any barriers the business community may face to increasing online working and possible solutions;

iii. Investigate how a business, using online methods, can increase its profitability;

iv. Investigate mentoring / matching opportunities

v. Examine the opportunities for funding.

10. At a full Committee meeting on 25 March 2014 the aim was revised, deleting the words "centre (within city walls)" to read:

"Identify how City of York Council may better support city businesses to develop their online opportunities and improve their sales, marketing and profitability."

**Consultation**

11. City Team York will be the main conduit for gathering information along with digital media experts.

12. In support of Objective i) the Task Group agreed to use an online survey to examine the existing support provision for local businesses via the Economic Development Unit newsletter with requests for information and feedback from members of organisations including York Professionals, the Federation of Small Business (FSB), Proudly Group, York Retail Forum, and Science City York (SCY).

13. In support of Objective ii) the Task Group agreed to meet with representatives from York business organisations, including the Federation of Small Businesses, the Retail Forum and City Team York.

**Information gathered**

14. <u>Objective i): Identify gaps in the current support for online business and commerce</u>. The Task Group received information on how other towns and cities are supporting the development of online business opportunities.

| Leeds City Council<br><br>QU2 (Supporting Business Success through Leeds Metropolitan University) | Professional business centres offer a range of office services at affordable rates. Social media training provides an overview of essential online networks to give businesses a digital presence. |
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Link: http://www.qu2leeds.co.uk/index.htm

| Sheffield City Council<br><br>Digital Directions | Helping business growth through its Digital Directions programme – a package of support from Creative Sheffield which can help with free assessment of IT needs by a specialist and up to four days of bespoke IT consultancy. |
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Link: https://www.sheffield.gov.uk/business-economy/development/starting-a-business.html

| Lincolnshire County Council<br><br>onlincolnshire | A series of awareness events across the county looking at a range of topics including how businesses can deal with change, developing a digital strategy and social media.<br><br><ul><li>Master classes on e-commerce and internet marketing at venues across Lincolnshire</li><li>Social media surgeries on using Facebook, Twitter and Linkedin</li><li>One-to-one advice and support, accessible either through the awareness events, master classes and social media surgeries or through Lincolnshire Technology Hubs</li></ul> |
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Links: http://www.onlincolnshire.org/broadband-for-business/technology-for-business-business-support

| Wakefield Council<br><br>Wakefield Business Support Programme | Amongst other things, the support programme, part-financed by the European Regional Development Fund, has contributed money towards things such as e-commerce ready computer systems. |
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Link: http://www.wakefield.gov.uk/News/PressReleases/news/PR4413.htm

| Glasgow City Council<br><br>E-commerce Solutions Grant | A grant for up to 80% (£1,000 maximum) towards enhancing, updating or installing e-commerce solutions to a business. The grant designed to help companies in Glasgow install e-commerce to encourage the development of businesses in Glasgow. It is targeted at those companies with growth potential and who want to retain, develop and create new jobs by developing an e-commerce service provision. The grant is targeted at small and medium sized enterprises (SME's). The grant can be used to enhance, update an existing E-commerce activity or to install new approaches to trading. |
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Link:    http://www.glasgow.gov.uk/CHttpHandler.ashx?id=17649&p=0

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| Caerphilly County Borough Council<br><br>ICT and Ecommerce advice and training | Free. IT Demonstration Suite – provides business a chance to use popular software before buying.<br>Free ICT training – in areas such as web design, VOIP and SEO. A Go2 Website Grant provides financial support to help eligible businesses to have an online presence and to start trading on line. Generally all business sectors may be considered for support - including retail. The business must be established in Caerphilly County Borough or the individual a resident of Caerphilly County Borough and setting up a business in the area. The scheme provides:<br><br>• Domain name registered to the company<br><br>• Secure website hosting with daily website backup<br><br>• Professional web design unique to the business<br><br>• Fixed fee entry level website<br><br>• Free listing on Go2 My Town sites<br><br>• Access to online marketing tools and services<br><br>• Training to manage your own websites |

Link:http://www.caerphilly.gov.uk/site.aspx?s=+23S3aVCrphKmSh+rq63 mBKR5iRYQYlhrztvAJ/WIJg=

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| West Lothian Council<br><br>E-Business Adviser | A specialist e-business adviser works with local growing businesses to help them take up new technologies and get involved in e-commerce. This includes the delivery of e-business workshops on subjects such as Trading Online; Getting Real Results From Your Website and Improve Your Search Engine Ranking. The e-business adviser co-ordinates the West Lothian e-business club which holds a series of regular meetings to bring together local companies to network, exchange ideas and hear expert speakers on a range of topics of interest to businesses who trade online. |

Link:     http://www.westlothian.gov.uk/business/business-support/advice/

| Newcastle Borough Council<br><br>Stoke and Staffs Business Helpline | Businesses are encouraged to find the helpline for advice on a range of IT issues including networking, getting the right website and how to start planning for e-commerce. |
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Link: http://www.newcastle-staffs.gov.uk/business_index.asp?id=SX893D-A780B6E3&cat=1381

| West Dunbartonshire Council<br><br>E-Commerce Grant | An e-commerce grant provides funding for the development and implementation of an e-commerce strategy that can be shown to improve business performance. The funding can be used for assistance to develop e-commerce and e-marketing strategies, e-commerce web site development and assistance with search engine optimisation / establishing an online payments facility etc. The funding can provide 30% of approved project cost, to a maximum of £3,000. |
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Link:   https://www.west-dunbarton.gov.uk/business/grant-and-loan/e-commerce-grant/

15. Objective ii) Identify any barriers & Objective iii) Investigate how a business can increase profitability The online survey (see paragraph 12) went live on 5 March and ran for one month. The survey went to more than 400 York businesses but the response was disappointing so no worthwhile conclusions could be drawn from it. A summary of the initial findings of the survey was presented to a full meeting of the Economic and City Development Overview and Scrutiny Committee on 29 April 2014 and Members agreed the survey be closed.

16. A Task Group meeting on 6 May 2014 considered that one way to reduce perceived barriers is to help promote superfast broadband (SFBB) in York. SFBB offers free business support to eligible businesses, from specialist business advisers, training workshops and skills master classes by expert trainers.

17. At a meeting with digital media experts from York Professionals, a representative from Superfast North Yorkshire and the CYC Digital Strategy and Programme Manager on 21 May 2014, Task Group Members were given a summary of the superfast broadband scheme and learnt that the 12-hour free training offer was only available to

businesses whose work comprised at least 75% business to business. Recognising that retailers were therefore excluded from the programme, the Task Group agreed to consider other approaches.

18. There was a feeling among Task Group Members that the social media side of online business was the more valuable as it involves direct communication with potential customers.

19. Information was also given about the Super Connected Cities scheme, which will make York among the best connected places in Europe. It aims to support economic growth and jobs by giving people the ability to access high-grade broadband and wireless connectivity, and to stimulate the market to go further and at a faster pace.

20. The programme to extend free, good quality WiFi in the city centre will allow retailers to gather analytical information about their customer base and to target potential customers with special offers using Google Analytics. If, for example, someone has registered and is looking to buy some jewellery then a shop might get a pop-up alert. This allows the opportunity for small retailers to compete.

21. The Task Group also received feedback on a "pop in" recently held in Richmond by North Yorkshire LEP.  Task Group Members agreed it would be beneficial to stage a half-day event to explain the various elements of online business and e-commerce as a whole and not as a series of disconnected events. The Task Group agreed it would be beneficial to hold a similar event in York with expert advice booths to explain such things as infrastructure, connectivity, the opportunities WiFi opens up, help and assistance with social media and marketing and tasked officers with organising an event.

22. As a result officers have suggested an event covering a whole range of business support including advice on access to finance, marketing, taking on employees, apprenticeships, training, legal matters and of course all the IT related themes such as e-commerce, web presence and social networking. The idea is to have a road show that can move around the various districts within the city.

23. Such an event should cover the whole e-commerce journey from identifying needs, assessing infrastructure to exploiting the technology and it was felt that this could identify any perceived barriers to smaller businesses developing their online presence.

**Conclusions to date**

24. Online business opens the market to customers nationally and internationally and enables smaller companies to compete with larger companies. However, businesses once competing with shops in the next street or the next town now find themselves competing on a global scale.

25. Many businesses nationally and international have become extremely profitable through online sales, Amazon for example. Small businesses and even individuals can also market their produces or services worldwide by using e-commerce.

26. A significant challenge was that people do not fully understand how the internet can be used in their businesses. There is some reluctance to admit to not being technically minded and people are unsure about what skill level they need.

27. While York has an advantage with its digital infrastructure, there is a need to break down the various facilities available into an easy guide. This could be as simple as learning how to tweet or set up a Facebook page.

**Options**

28. There are no specific options associated with the recommendation within this report.

**Analysis**

29. At this stage the report is for information only.

**Council Plan**

30. This review is linked to the create jobs and grow the economy element of the Council Plan 2011-15.

**Implications**

31. There are no known implications associated with the report. Any implications arising from the final review recommendations will be addressed accordingly.

**Risk Management**

32. There are no known risks arising from the report. Any risks arising from final review recommendations will be addressed one they become apparent.

**Recommendations**

Having considered the information provided within this report Members are asked to note and comment on this report.

Reason: To progress this scrutiny review.

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| **Report Approved** | ✓ | **Date** | 2/6/2014 |
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**Wards Affected:**                                        **All**  | ✓ |

**For further information please contact the author of the report**

**Annexes**

**Annex A –** Amended aim, objectives and draft timetable

**Abbreviations**

FSB – Federation of Small Businesses

IT – Information Technology

ICT – Information and Communications Technology

LEP-Local Enterprise Partnership

SCY – Science City York

SEO – Search Engine Optimisation

SFBB – Superfast Broadband

SME – Small and Medium Enterprises

VOIP – Voice Over Internet Protocols