

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 29 NOVEMBER 2016

REPORT BY DEPUTY LEADER AND EXECUTIVE MEMBER FOR
ECONOMIC DEVELOPMENT

BUSINESS SUPPORT AND INVESTMENT PROGRAMMES IN EAST
HERTS

WARD(S) AFFECTED: ALL

Purpose/Summary of Report:

- To provide an early Scrutiny opportunity for the Business Support and Investment elements of the Council's Economic Vision 2016 – 2020.

RECOMMENDATION FOR DECISION:

(A)	Corporate Business Scrutiny supports the extension of the current SLA arrangements with Wenta for a further year to 31 March 2018 to allow further consideration of the issues detailed in paragraph 3.3.1
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1.0 Background

1.1 This report provides an opportunity for Members to scrutinise the business support and investment programmes that deliver some of the key themes in the Council's Economic Vision 2016-2020. There are four business support/investment themes that the Council is committed to deliver.

- A business friendly council
- Enabling entrepreneurs and business start ups
- Supporting the rural economy
- Supporting the visitor economy

1.2 There are four main programmes that act as the delivery agents for these themes.

- The Eastern Plateau Rural Development Programme (RDP)
- The My Incubator business start-up and advice programme

- The Herts Growth Hub
- The Visit Herts Destination Management Programme

2.0 Business Support and Investment programmes in East Herts

2.1 The Eastern Plateau

2.2 Background

2.2.1 The Eastern Plateau Rural Development Programme is an investment initiative that is being administered by East Herts Council. The key aim of the programme is to invest in local business ventures which operate within a defined geographical area of rural East Herts, North Herts, Uttlesford & Epping Forest. The objective of the programme is to grow the rural economy of the Eastern Plateau area with a focus on business growth and job creation.

2.2.2 East Herts Council is the Accountable Body for this programme as well as the delivery agent. The RDP is funded through the Rural Payments Agency (RPA) with European Union money obtained by East Herts Council through a competitive bidding process. The Council bid successfully for £1.8m for the 2014- 2020 period. The programme is overseen by a Local Action Group (LAG) composed of various organisations including the National Farmers Union, the Federation of Small Business, Herts Local Enterprise Partnership, the Countryside Land and Business Association, the Council for Voluntary Services, local business beneficiaries and representatives from Local Authorities from the programme area.

2.3 Achievements

2.3.1 The Council is delivering its second RDP programme. The first ran from 2007 – 2013. The outcomes from this period are as follows.

- £1.6m project spend
- £2.42m private sector match
- Over £4m invested in the area
- 36 projects supported
- 23 micro-enterprises supported
- 5 farm diversification supported
- 1 reservoir project
- 3 tourism projects
- 4 basic services (nursery, village shop, woodland and

community radio project)

- 67 jobs created
- 16 LAG meetings

2.3.2 The current programme was originally planned to run from 2014 – 2020 although Brexit may result in an earlier closure. There was a two year development phase which included LEP support in writing the bid document, continuity of LAG involvement and the recruitment of a small project team. Outcomes and activities since the project launched in March 2016 include.

- 38 Outline applications received
- 10 Full applications approved
- 1 application rejected
- £290,907 awarded
- £70,000 spent
- 2 projects completed
- 21.5 jobs to be created
- 3 applications received for Nov 2016 Panel
- 2 applications received for Dec 2016 Panel
- 5 Claim audits, 2 file audits and RPA Delivery Plan inspection all passed

2.4 Comments

2.4.1 The experience and knowledge developed as a result of running these programmes has made a helpful contribution to the overall East Herts Council portfolio of achievements and development of skills in the workforce. This will hopefully strengthen the Council's position in seeking new project and programme opportunities in a post Brexit environment.

2.4.2 As the accountable body East Herts 'host' the RDP Programme Co-ordinator and Programme Manager who support, administer and deliver the programme. Management overheads are expected to be covered from within the overall project fund up to a maximum of 18% (ie. €180,000) so that the net effect on the accountable body's budget is cost neutral. Central government have confirmed that the funding is guaranteed until the UK leaves the EU. In addition should this occur before the programme finishes (2020) payments for projects in the pipeline and agreed will be guaranteed even after Brexit.

3.0 My Incubator

3.1 Background

3.1.1 Ware My Incubator officially opened in June 2012 in the grounds of Hertford Regional College, Ware. The Incubator space was set up utilising a formerly disused College building through joint funding and support by Wenta, Hertford Regional College, East Herts Council, Broxbourne Borough Council and the Hertfordshire Local Enterprise Partnership (LEP).

3.1.2 The Incubator offers a unique combination of business start-up advice and shared working space to provide clients with the following:

- Hot desking facilities with a PC and Broadband
- Professional business advice on site
- Access to specialist business advice through one to one surgeries with local accountants and solicitors
- Monthly Enterprise Clubs – group sessions aimed at assisting local people into self-employment
- Business Training workshops and Events
- Coffee Mornings and Networking Events

3.1.3 In January 2014, the Incubator moved to another building at HRC Ware Campus to make way for the redevelopment work in the College. The Incubator has now taken up a location in the new build from August 2015. East Herts contributed £10k capital monies to this redevelopment.

3.1.4 East Herts Council developed a three year Service Level Agreement (SLA) with Wenta for 2014, 2015 and 2016. The Council provided £20,000 per year for these services on the basis of delivery of outputs specified in the Achievements section below for each of the three years.

3.2 Achievements

3.2.1 The table below shows outputs achieved so far in the current delivery year as well as the two preceding years.

WENTA measure	Annual target	2016/17 Achieved to date	2015/16 Achieved	2014/15 Achieved
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Number of New Clients seen resident in East Herts District	100	82	140	86
Number of people seen in outreach locations in East Herts District	25	10	28	17
Number of East Herts District residents or businesses based in East Herts District signing up to use the My Incubator base	12	12	8	11
Number of East Herts District residents or businesses based in East Herts District accessing workshops	40	42	97	34

3.3 Comments

3.3.1 Overall the programme has reasonably high numbers in the district. Case studies are available to evidence the quality of some of these outcomes. Some challenges to delivery were experienced during the this time when the New Enterprise Allowance Scheme contact concluded and there was also a period of disruption to services due to building works at the College. The service also suffered when the Next Steps Centre in Bishop's Stortford was closed by Hertford regional College. This had provided an important outreach venue in an area of need and of growth.

3.3.2 The programme is not just about start-up but also the sustainability of those new businesses. Of the current business starts, 85% of businesses survive their first year of trading and

this rises to 96% of those who take advantage of the intensive My Incubator support. 96% of Wenta clients are satisfied or better with our services and all this led to Wenta being recognised as the National Enterprise Network Enterprise Agency of the year 2014.

3.3.3 The SLA agreement runs until the end of the current financial year. The Council must now consider whether some kind of extension to this agreement is needed or whether a different approach is required. There are a number of factors for consideration.

3.3.4 Wenta has been successful in bidding for European Regional Development Fund (ERDF) monies allocated to the Herts LEP area and distributed through the Herts European Strategic Investment Fund Group. This means that East Herts Council as a potential investor would be in a position to help provide additionality plus the continuance of provision in the District. The following recommendations should be considered –

- Identification of a venue in Bishop's Stortford from which My Incubator services can be delivered. The minimum requirement would be an outreach service but the feasibility of a more comprehensive Business Hub in the town should be explored. Key sites for employment have been identified in the council's District Plan as part of housing growth proposals in the Bishops Stortford area. In addition the planning framework for Old River Lane also makes provision for mixed development in the town centre. The provision of business incubation space should be considered within these proposals.
- East Herts to work with Wenta on a promotional programme to ensure that the hot desking incubation facilities at Hertford regional College have maximum take up.
- Consideration of the development and expansion of live online advice to start up business through the My Ventures programme.
- Provide brokerage support if needed to help ensure HRC students are benefitting from the on- site facility in Ware

4.0 **Hertfordshire Growth Hub**

4.1 **Background**

4.1.1 The Hertfordshire Growth Hub (HGH) has been operating for just over 18 months and has supported hundreds of businesses

across the county. Since this time the programme has supported 94 businesses in East Herts. In the operating year from 1 April 2016 to date, HGH has met and provided information, advice or diagnosis to 78 businesses in the East Herts district. (see table below)

- 4.1.2 HGH aims to have impact on those SME businesses likely to make the most progress and which will have a valuable economic effect. HGH works to help them realise their longer-term growth ambitions rather than carrying out short light-touch intervention. HGH does not deliver pre-start or start-up business support. A typical HGB client would employ 10 or more employees and operate on a turnover of £1m or more.
- 4.1.3 HGH has an adviser team of specialists with expertise in accessing finance, productivity and technology, business planning and skills, sales and marketing, an Online Adviser who deals principally with phone and email enquiries, and an inward investment specialist -to help the county attract and retain businesses.
- 4.1.4 From April 2016 to October 2016 the Growth Hub ran a series of events, which are free to attend and open to businesses from all around the county

4.2 Achievements

- 4.2.1 The table below is taken from the Herts Local Enterprise Partnership (LEP) report to the Enterprise and Innovation Programme Board and covers the period April – September 2016. The figures show businesses supported in each Hertfordshire district for this period.

Local Authority District	Total clients (businesses)
St Albans	108
Welwyn Hatfield	97
Dacorum	85
North Herts	79
East Herts	78
Stevenage	47
Hertsmere	57

Watford	44
Three Rivers	40
Broxbourne	17

4.3 Comments

- 4.3.1 Future sustainability is being addressed by the Programme Management Board. One approach is the possibility of a new digital technology product initiative. This arose from a research and development opportunity identified by HGH and pursued with a consortium of local firms who specialise in digital enhanced communications technology.
- 4.3.2 There is no direct investment from East Herts Council in this programme but Council officers do have a role in ensuring HGH services meet the needs of as many local businesses as possible e.g through locating business events at locations in the district.
- 4.3.3 Whilst the numbers of beneficiaries in the district appears to be reasonably high the key to the success of this programme will be clear evidence of business growth which is likely to be achieved by intensive support as opposed to light touch contact. It is therefore important to track progress over time to properly evaluate impact on the economy of East Herts.

5.0 Visit Herts

5.1 Background

- 5.1.2 In July 2015, Hertfordshire County Council and Hertfordshire Local Enterprise Partnership awarded the county's tourism service to destination management specialists Go To Places. During the autumn and winter of 2015/16 Visit Herts engaged with tourism suppliers and other key organisations across the county to establish the new Destination Management Service (DMS) for Hertfordshire.
- 5.1.3 Go To Places Ltd was created by the team behind Visit Kent, and specialises in marketing and developing destinations through partnerships, people, and the public and private sector. The team has developed a destination strategy to strengthen inbound tourism and highlight the attractions in Hertfordshire. East Herts Council was the first District in the County to become an Investor Partner of the new DMS and has actively engaged throughout the period.

5.1.4 The Council currently provides £5,000 pa for these services as part of a Service Level Agreement with Visit Herts. Five other districts also provide the same level of funding. The portfolio holder for Economic Development is on the Visit Herts Board.

5.2 Achievements

- Stakeholder engagement through four networking events, monthly newsletter to 500+ recipients, a branding workshop and attendance at numerous conferences, presentations and seminars (including two EHDC conferences).
- New consumer branding for tourism in Hertfordshire developed in consultation with the public and private sectors, launched June 2016.
- New consumer website developed and launched June 2016 www.visitherts.co.uk. The website won two awards in the Herts Digital Awards 2016 (gold: tourism and hospitality, bronze: overall website category.)
- The Big Weekend – a signature event of English Tourism Week in March 2016 involving 50 attraction offers and attracting over 13,500 ballot entries from members of the public.
- Created new consumer database which is being mailed with 4 on-line newsletters p.a.
- To date, 31 Investor Partners have been signed – these include local authorities, hotels, attractions and transport operators in addition to Hertfordshire County Council and Hertfordshire LEP, the initiating funding bodies.
- Visit Herts has been a partner in a successful bid for funds from the Visit England Product Development Fund and is working on a “gardens and gourmet” project with Kent, Essex, the Peak District and Cheshire.

5.3 Comments

5.3.1 In these very early stages of delivery the programme is delivering successfully for a relatively small investment. The contribution of £5000 from East Herts to Visit Herts was initially guaranteed for two years (2015/16 and 2016/17). At this stage it is too early to assess whether this investment will continue. To some extent this will also depend upon continued investment from the LEP and county council.

5.3.2 The programme will present the results of the Value and Volume research work at a workshop on 8th December. Some early headline findings for East Herts include –

- Total number of trips – 3,809,000
- Total visitor spend – £209,537,000
- Total tourism value – £262, 007,000
- Total tourism employment – 4,914
- % of all employment – 7%

6.0 Conclusions and further comments

6.1 Each individual project adds value to the East Herts economy and provides a high quality of support to local business. However, there is a particular benefit when considering the impact of the four projects together, running as they do at the same time across a similar geography.

6.1.1 The four programmes have agreed to meet on a quarterly basis to share information, avoid any duplication and contribute to joint working and forward planning.

6.1.2 Representatives from all of these programmes staffed the East Herts Council stand at the recent Business Stortford Means Business Exhibition.

6.1.3 Adequate business incubation space needs to be considered within District Plan proposals and ideally within the Bishops Stortford area where Wenta provision isn't as visible.

6.1.4 The Council has contracted with a provider to help establish a Business Improvement District pilot in Bishop's Stortford. If this programme proceeds beyond the feasibility stage as expected then the initiative will make a significant contribution to Town Centre base economic development in the district.

6.1.5 Officers are also exploring with Members the best model for a district Business Engagement Programme.

7.0 Implications/Consultations

7.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None.

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