

EAST HERTS COUNCIL

EXECUTIVE – 12 FEBRUARY 2019

REPORT BY EXECUTIVE MEMBER FOR ECONOMIC DEVELOPMENT

BID TO THE EUROPEAN REGIONAL DEVELOPMENT FUND FOR
LAUNCHPAD 2 PROJECT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To present options for expanding the Launchpad concept and supporting business growth in the district

RECOMMENDATIONS FOR EXECUTIVE: that:

(A)	A collaborative approach with Ware Town Council on opening a Launchpad at Ware Priory and funding committed from the Priority Spend Reserve of up to £38,600 over 2019/20 – 2020/21, be approved.
(B)	The submission of a bid for ERDF funding for the Launchpad 2 project with East Herts Council as the accountable body and Ware Town Council as strategic partners, with funding committed from the Priority Spend Reserve of up to £162,900 over 2019/20 – 2021/22, be approved.

1.0 Background:

Ware Launchpad

- 1.1 A key part of the economic development vision agreed by Executive in 2015/16 was to review provision of business start-up

and advice services in the district. At the time a facility existed at the Ware Campus of Hertford Regional College, run by WENTA with funding from East Herts Council. Funding was also provided directly by WENTA (through an EU grant) and Broxbourne Borough Council. In 2016 Broxbourne ceased supporting this facility (to help set up their Basepoint Business Centre in Hoddesdon). In 2017 East Herts did the same by directing funding towards the Launchpad in Charringtons House. The WENTA run facility continued to operate until October 2018 with EU funding before closing.

- 1.2 Since then there has been a gap in public sector provision of business start-up/ flexible working space in the Hertford and Ware area. One of the actions in the 2018/19 Council Service Plan was to investigate how such provision could be met. Several possible venues have been considered which need the following: vacant space suitable for flexible use, near a town centre, business park or other easily accessible hub and with a landlord willing to invest on the basis the return will be wider economic growth for the areas as oppose to direct profit. Likely venues have included Hertford Town Council owned offices and vacant parts of Wallfields. However the Priory, owned by Ware Town Council, has emerged as the most workable solution.
- 1.3 The Lord Wake Suite (in the upper part of the Priory) is available for commercial rent however has been vacant for some time and proving difficult to let. It is on the open market for a rent of £10,000 per annum plus service charge of £4,500. No rates are being paid as the property is empty and exempt from empty property charge as a listed building.
- 1.4 The Ware Launchpad proposal would entail the following:
 - A Launchpad branded facility – flexible, easy in, easy out working space – based in Ware Priory (town centre location with parking)

- 12x hotdesks in the Lord Wake Suite (a total of 729 sq. foot office space split over 2 rooms, a small kitchen area and an additional room suitable for small meetings)
- A 24 month trial to test the effectiveness and demand for this facility (with an initial review after 12 months) from 1 April 2019 – 31 March 2021
- A collaborative approach between Ware Town Council and East Herts Council, underpinned by a partnership agreement/ memorandum of understanding and with a 50/50 split on income
- Aim to cover costs (as far as possible) of operation through generating income
- Target audience is new business start ups, early growth businesses, individuals who work from home but need professional space and commuters seeking an alternative/ virtual office in the Ware, Hertford and surrounding catchment area

1.5 There are a number of other benefits alongside the targets. This will bring an extra 729 sq. foot of office space back into use as well as provide flexible working facilities for businesses and individuals in the South and West of the district. Currently users of the Bishop's Stortford Launchpad tend to come from the town and surrounding villages to the North and East (including Essex and Cambridgeshire). This facility will be a viable option for individuals in the Hertford, Ware and surrounding catchment area. We would aim to open the facility in April 2019.

1.6 Ware Town Council's finance committee considered a paper on 19th November 2018 with the above in mind. They are in support of the project and committed £15,000 of revenue support to the proposal to the first year. Estimated costs for East Herts Council are also £15,000 per year. There will be additional costs of up to £8,600 to get the space fit for purpose (in terms of minor refurbishment and furniture). The total investment over 2 years therefore will be up to £38,600. Income will be generated

from users of the space and this will be used to off-set running costs on a 50/50 basis for both Ware Town Council and East Herts.

2.0 Bid to the European Regional Development Fund (ERDF) to upscale the Launchpad and deliver targeted business support services across the district

2.1 An outline bid was submitted to MHCLG (via the ESIF Committee) in May 2018 and was subsequently approved to proceed to the next stage in November 2018. We have been invited to submit a full bid in early February. Projects need to be minimum of £1,000,000 in expenditure (over 3 years) and match funded by the applicants. The bid consists of the following components:

- “Upscaling” the Launchpad concept (expanding the existing facility to create ‘grow on’ space in the vacant part of the Ground Floor of Charrington’s House including 6x smaller offices and 2x larger meeting rooms/ training rooms)
- A new Launchpad facility based in Ware Priory (as per the above)
- Through these two facilities we will create a ‘hub’ of business support in Bishop’s Stortford (servicing business needs in and around the London Stansted Cambridge Corridor) with a satellite facility in Ware (servicing business needs in the South and West of the district).
- A package of revenue support for businesses primarily aimed at the post start-up phase. This will include:
 - o Generic support for businesses in early growth phase (eg. moving from the home/ spare room to premises)
 - o Targeted support for the bio-science sector and its associated value chain
 - o Targeted support for the Airport Maintenance, Repair and Operation (MRO) sector and its associated value chain

- Targeted support for social enterprise from start up through to growth phases
- Grant (up to 40%) finance for businesses in the above sectors to invest in product, process and service improvements (grants between £3,000 - £15,000)
- Providing a legacy for East Herts: at the close of the 3 year project to have ensured more businesses are successful in the district, have a pipeline of businesses ready to move to facilities in new developments (eg. Old River Lane/ Northgate End, Goods Yard) and to build foundations of a sector strengths in bio science, MRO and social enterprise

2.2 It should be noted that if we proceed in submitting a full bid this will represent a step change in the council's approach to economic development. Currently it operates with 1.5 WTE and runs a number of projects which are all small – medium in size. If we are successful the council will be running a £1m project. East Herts do not have the capacity to undertake this in isolation and will need to bring in additional expertise. The bid is predicated on Ware Town Council being strategic partners, creating new roles within the Economic Development service and commissioning services through a tender process (this specifically applies to supporting the bio science, MRO and social enterprise sectors). Although East Herts Council will act as the accountable body a number of partners and contractors are likely to be involved in project delivery. The grant financing element also requires a total private sector contribution of up to £180,000 over the 3 years (eg. A business wishing to purchase a new piece of equipment that costs £30,000 would need to provide £18,000 of its own funding and seek a grant for the remaining £12,000).

2.3 The advantages of constructing the bid as per (2.1) is that it enables us to include some current costs as part of the council's contribution to match funding thus reducing the direct cash contribution whilst still leveraging ERDF monies. The total cash

contribution from the Council is estimated to be £86,500 for 2019/20 and £57,500 for years 2020/21 and 2021/22 (a total of £201,500). Any income from the facilities will be used to off-set these costs.

2.4 Should Executive be minded to submit a bid the average length of time to agree grant conditions with MHCLG is around 3-5 months and therefore the project (if approved) is likely to begin in June 2019.

2.5 The Ware Launchpad proposal is also a key part of the ERDF project and the costs in (2.3) include the costs outlined in (1.6). Therefore if Executive are minded to support the Ware Launchpad opening in April 2019 this reduces the subsequent amount required from £201,500 to £162,900.

2.6 The project has a number of specific targets which are calculated using ERDF guidelines on value for money outputs:

- 55 businesses receiving support (12 hours or a grant of £1k or over)
- 27 businesses receiving a grant of £1k or over
- 11 established businesses receiving support (not counted as getting a grant)
- 17 new enterprises supported
- Grant scheme of £150k of which £75k leverage from private sector
- 17 new FTE jobs created
- 2 enterprises supported to introduce new to the market products
- Over 2500 sq ft. of space brought into use
- 26 potential entrepreneurs assisted to be enterprise ready

2.7 There are a number of wider benefits also. Alongside leveraging £500,000 from the ERDF, this project will mark a step change in the council's approach to economic development. There will be

significantly strengthened and pro-active support for businesses in the post start-up phase who looking to move from the home into office space. Alongside this we will actively seek to encourage the growth of businesses in the bio science and MRO value chain, strengthening Bishop's Stortford position within the Innovation Corridor. There is also significant development due to take place in and around Bishop's Stortford over the next few years. This project will deliver a pipeline of businesses ready to move into new facilities at Northgate End, the Goods Yard and Bishop's Stortford North and South.

Background Papers

None

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