

Meeting: **ECONOMY, ENTERPRISE AND TRANSPORT
DEVELOPMENT AND SCRUTINY COMMITTEE**

Portfolio Area: Economy, Enterprise and Transport

Date: **25 June 2012**

**INWARD INVESTMENT OPPORTUNITIES AND BUSINESS SUPPORT
SCRUTINY REVIEW**

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Development & Scrutiny Committee.

1 PURPOSE

- 1.1 To consider the recommendations of the Inward Investment Opportunities and Business Support review that was undertaken by the Informal Working Group of the Economy, Enterprise and Transport Development and Scrutiny Committee.

2 BACKGROUND & SCRUTINY ISSUE IDENTIFIED

- 2.1 The work undertaken in this Scrutiny review was undertaken by an informal working group of the Economy, Enterprise and Transport Development and Scrutiny Committee in accordance with the Committees decision to scrutinise Inward Investment Opportunities and Business Support as agreed at its meeting on 21 July 2011.

2.2 Scope and Focus of the review

- 2.2.1 In discussions with the Chair of the Economy, Enterprise and Transport Development and Scrutiny Committee the Regeneration Manager and Economic Development Officer it was agreed that the review should focus on:

- What activity is there in this area? What has been the success of the dedicated web site?
- What resources does the Council have to promote inward investment?
- How can the Council best support its aspiration to “have a growing town and economy”?
- How well was the “World of Work” event received? What was its impact?
- How well was the “Beat the Competition” initiative received?
- Are there any other similar events planned?
- What has been the success of the Test Trade Grant?
- What activity is taking place in Stevenage to develop a skilled workforce?

- Could the Council do any more to support businesses to locate in Stevenage?

2.4 **Process of the review**

2.4.2 The Informal Working Group met on three occasions in 2012 on 28 February, 8 and 22 March. Also Cllrs Pam Stuart, Phil Bibby and John Mead attended the Stevenage Small Business Summit on 29 February 2012.

2.4.3 The Informal Working Group received written and oral evidence from the following people:

Ralph Raynor, Portfolio Holder for Economy, Enterprise and Transport
 Viv Evans, Head of Planning Regeneration & Transport
 Neil Cuttall, Regeneration Manager
 Liz Dand, Economic Development Officer
 Chris Pichon, Chief Executive, WENTA
 Paul Maguire, MD of a public relations marketing company based at the Stevenage Business and Technology Centre

3 **REVIEW FINDINGS**

3.1 **Background issues**

3.1.1 **Inward Investment**

3.1.2 Inward investment in Hertfordshire in the past decade of both Foreign Direct Investment (FDI) and Regional Direct Investment (RDI) has been fairly limited with 82 companies settling in Hertfordshire over that period.

3.1.3 The Council's role in inward investment involves a number of activities, these include:

- Planning - allocating sites and helping existing businesses grow to bigger sites
- Facilitation of Inward Investment Activity – facilitating partnerships, bringing together key stakeholders to deliver services
- Direct intervention activity – actively promoting and marketing an area, hosting site visits
- Indirect activity – supporting others to deliver investment

3.2 **Current Inward Investment activity that the Council is engaged in:**

- Forming of an Inward Investment Group
- Creating a new branding shell
- Creating a marketing campaign – including videos, banners and a dedicated website – which has recently had some TV exposure on rotating advertising pitch side electronic boards at an FA Cup match between Stevenage FC and Tottenham Hotspurs.
- Developing a soft landing package

3.3 **Business Support**

3.3.1 Business support is defined as:

- Supporting business start ups
- Supporting our existing businesses to grow and to diversify

3.4 **Current Business Support activity that the Council is engaged in:**

- Stevenage Business Technology Centre
- Test Trade Grant
- E-Newsletter
- Jobs and Skills Fair
- Procurement events – “Beat the Competition”
- Working with key stakeholders i.e. North Herts College, Jobs Centre Plus and Business Forums
- Promotion of Commercial Property
- Setting up a Business Directory
- Support for the Princes Trust / Young Enterprise in Stevenage
- Promoting opportunities – i.e. apprenticeships and work programmes
- Targeted use of business social networks

3.5 **Business and Technology Centre**

3.5.1 The Watford Enterprise Agency (WENTA) manage the Business Technology Centre (BTC) in Stevenage and facilitate activities such as conferencing, seminars, training, supporting businesses, providing office space and the ‘my incubator’ facility, which provides comprehensive business support and advice to start up businesses.

3.5.2 BTC was set up as a social enterprise and it is achieving its financial targets as agreed with SBC. When the BTC was set up the Council invested £1Million, and each year the Council has received a commercial rent, in 2011/12 BTC was on target to provide £300K in rent for the Council, which was very encouraging in a challenging economic situation. Since opening the BTC has built up a good reputation and receives referrals via High Street Banks, North Herts College and Job Centre Plus and had a 20% occupancy rate when it opened this is now up to 80%.

3.5.3 BTC assisted in running the new enterprise allowance scheme, and works closely with North Herts College with a proactive Schools Education Team.

3.5.4 BTC in partnership with SBC organised the “Meet the Buyer’ event which attracted well over 100 SME’s.

3.5.5 There is no set criteria at the BTC for selecting start ups, they self select and come to BTC, by this stage they will have a business plan in place. BTC have a team of on and off site advisors working with the new business start ups business plan and provide continued mentoring. It is unusual that BTC have to advise against a new business start up, but if they were convinced the business was not likely to be a success they would advise the client as there was a social as well as a financial cost to business failure

3.6 **New business start ups at the BTC who use the ‘My Incubator’ business support**

3.6.1 New businesses using the ‘My Incubator’ support at the BTC receive the following help:

- a professional environment as compared to working from home
- Access to on site advisors and mentoring support
- a good location especially with good transport links to and from the Centre
- a collegiate feeling of not being in direct competition with other clients in the centre where occupants support each.
- Start up businesses from outside the area are envious of the facilities and expertise that is on offer at BTC

3.6.2 Members asked the external interviewees what issues should the Council and those interested in supporting business and innovation in the town focus on? They suggested:

- Promote the good and successful things happening in Stevenage like the BTC, the big businesses based here, proximity to London etc
- Big businesses to be made aware of their social responsibility within the community
- Big businesses, SBC and other Public Sector employers in the region be encouraged to support small businesses by procuring local services

3.7 **Members findings and Conclusions**

3.7.1 Over the three meetings Members made the following observations:

3.7.2 The SBC Regeneration and Economic Development Officers are a highly innovative small team that is providing a lot with a modest budget – circa £30k to spend on inward investment and business support initiatives, excluding officer time/salaries (the 2 Members of staff (Regeneration Manager and the Economic Development Officer) have other duties).

3.7.3 Business Technology Centre (BTC)

The investment of £1M coupled with a £6M Grant into funding the setting up of the Business & Technology Centre has been a very successful venture for the Council on two levels. (1) It is providing a unique and stimulating centre for encouraging entrepreneurial initiative in the town which are tomorrows businesses who go on to employ many local workers and (2) it is now providing a very useful income stream for the Council in these economically constrained times. The Members feel that BTC is a great innovation to have in Stevenage that really supports new business initiatives/support and also raises revenue (£300K) for the Council to reinvest

3.7.4 Levels of Inward Investment

Officers have demonstrated that they are bringing in investment to Stevenage that would not have otherwise been invested. This includes 18 start ups in 2011-12, 37 new jobs created in 2011-12, 2 new Foreign Direct Investment (FDI)/Regional Direct Investment (RDI).

The Council has received 16 direct enquiries in the last 12 months for businesses to relocate to Stevenage.

3.7.5 Barriers to Inward Investment

Members questioned whether Stevenage possessed the right mix of business properties, office space, warehousing and manufacturing units? Economic Development and Regeneration officers were of the view that Stevenage has a significant amount of office space, but much of it is of a low quality. There is limited warehousing, and manufacturing units, available at the moment in Stevenage. There is also a limited supply of 'readily' available commercial land for companies wanting to inwardly invest into Stevenage.

The Working Group were of the view that unsightly disused sites and buildings such as the former Manulife Building (now Holiday Inn) on St Georges Way and the former Kodak Building actively discourages inward investment in the town. It was suggested that officers should contact the owner of the former Kodak building asking that efforts be made to tidy the appearance of the site, as Members and Officers were of the opinion that its untidy appearance is a blight on the surrounding area, and will hinder inward investment opportunities for the surrounding plots.

3.7.6 Invest in Stevenage web site

The Invest in Stevenage web site and marketing associated with this has been an excellent initiative Members understood that the focus on the web site was on innovation "Stevenage - Where Imagination Takes Hold" and could see the obvious appeal of marketing the hi-tech space industry and pharmaceutical Multi Nationals that are based in Stevenage to promote more clustering around these industries.

The Council also markets Stevenage via a variety of websites including: Locations for Business, Invest in Stevenage, SBC Council website, Commercial agents websites and the BTC website. As well as web sites it advertises using social media, train advertising, business directories, trade journals and officers are looking at contributory guides.

3.7.7 TV marketing at Stevenage v Spurs FA Cup match

Web traffic was up following the marketing at the recent Stevenage v Spurs FA Cup match, with a large spike on the day and increased traffic since. Officers are looking at what future opportunities may exist but the current budget to support this activity is relatively small and similar marketing exercises would quickly exhaust the budget.

3.7.8 National or more strategic marketing of Stevenage?

Members discussed with officers the merits of a large national campaign as seen at Kings Cross/St Pancras rail station for inward investment into Peterborough or focusing on 2 or 3 cities with Life Science economies such as Liverpool or Manchester, which is the advice of GSK Bio Science CE.

3.7.9 Test Grade Grant

Regarding the Test Grade Grant Members were informed that there have been 48 awards in 24 months, costing the Council £23,188, leveraging £67,124 of private sector investment representing £2.89 for every pound the Council spends. This has

created 23 jobs, with 50% of businesses receiving one stating improved turnover, and 45% stating increased profits. The % still trading after 12 months is 76%.

3.7.10 'World of Work' Jobs and Skills Fair

Members were pleased with the success of the first 'World of Work' Jobs and Skills Fair and that this was being repeated in 2012 on 30 March, and would be keen to receive any feedback when available from this years event.

3.7.11 Green Industries

Members were aware that there did not appear to be a significant cluster of Green Industries based in Stevenage, but they were keen to support the development of this in the future. Officers had previously sent approximately 100 letters to growing environmental businesses about locating in Stevenage but they had only received three responses, all of them negative. However, Officers agreed to raise this issue at Wenta and at the Business Forum.

3.7.12 Retail 'My Incubator'

There was a discussion amongst the working group regarding the merits of a retail 'My Incubator'. However, Members agreed that a recommendation on a retail incubator was perhaps not practical as the BTC incubator was already able to offer support to retail ventures. Members suggested that more promotion and marketing of the BTC 'My Incubator' be used around the neighbourhood shops and indoor market so that potential new retail businesses are able to access the 'My Incubator' support from the BTC. Members felt that some small retail new businesses were put off by not understanding issues like planning rules and NNDR business rates etc.

3.7.13 Procurement from local companies

Regarding procurement from local companies it was suggested that officers look at further promotion of the Supply Hertfordshire web site, as it was evident from the recent Stevenage Small Business Summit that many businesses are unaware of the site and to continue the Beat the Competition event annually.

3.7.14 Fostering of a 'can-do' attitude synonymous with the town

Members were of the view that with regard to business support it would be important to continue to foster a 'can-do' attitude whilst marketing the town. Perhaps officers could develop a strap line on the 'Invest in Stevenage' and on relevant pages on the SBC web site.

3.7.15 Decent Homes Sustainability Issues

Members raised an off topic recommendation regarding sustainability issues for the new decent homes contract and any other similar major building works projects that the Council enters into. Members suggested that where it is economically possible efforts be made to incorporate sustainable building methods to any future building projects.

4 RECOMMENDATIONS

4.1 That the Economy, Enterprise and Transport Development and Scrutiny Committee considers the findings of the Informal Working Group, contained within this report and the recommendations below be presented to the Economy, Enterprise and Transport Portfolio Holder and the Strategic Director (Environment) and that a response be provided from the Portfolio Holder and any other named officers and partners within two months of the publishing of this report.

4.2 Recommendation That when government guidance is issued on the Changes to locally determined Business Rates (from April 2013) that a meeting be set up with FSB to explore ways the Council can be flexible and encourage SME's in the area

4.3 Levels of Youth Unemployment are rising across the Country. Central Government funding to support youth training and education has been cut. 50 NEETS (Not in Employment, Education or Training) in Stevenage were added in January 2012. SBC is the 6/7 largest employer in the town. Members welcome the Council's initiative as announced at Council on 29 February that it would be offering 14 apprenticeships – via the decent homes contract and the additional investment from the New Homes Bonus of £90K to fund the first year of a two year apprenticeship programme is also warmly welcomed by Members. Members welcomed these initiatives as this shows leadership and an example to other large employers to invest in the town's young people.

Recommendation How can the Council build on this to provide more apprenticeships and employment opportunities for young people in future years?

4.4 Building on the success of the 'Meet the Buyer' event there is a challenge for SBC procurement. SBC currently buys approximately 10% from Stevenage Businesses, could local businesses be supported more in the Council's procurement?

Recommendation That the Council investigate ways that it can support more local businesses via its procurement (especially under the £75k tender ceiling) for goods and services.

4.5 Recommendation – Regarding procurement from local companies it was suggested that officers look to promote the Supply Hertfordshire web site, as it was evident from the recent Stevenage Small Business Summit that many businesses are unaware of the site.

4.6 Recommendation – That Officers look at ways of providing more promotion and marketing of the BTC 'My Incubator' around the neighbourhood shops and indoor market so that potential new retail businesses are able to access the 'My Incubator' support from the BTC.

4.7 Members were impressed with the Invest in Stevenage website and understood the focus of this was on the technology/life science industries based in Stevenage. Members were keen to also promote the many SME's in the town.

Recommendation – That a promotional DVD video clip could be created as a link from the SBC website and linked from other relevant sites to give a flavour of the diverse businesses based in the town and the opportunities that new companies settling in the town could enjoy.

- 4.8 Recommendation – That Officers contact the owner of the former Kodak building asking that efforts be made to tidy the appearance of the site, as Members and Officers were of the opinion that its untidy appearance is a blight on the surrounding area, and could hinder inward investment opportunities for the surrounding plots.
- 4.9 Recommendation – That officers consider ways in which the Council and its partners can support the locally skilled workforce in Stevenage to pick up employment opportunities when they arise
- 4.10 Recommendation to the 3 Portfolio Holders for Housing, Economy, Enterprise & Transport and Resources, regarding sustainability issues for the new decent homes contract and any other future major building works projects that the Council enters into. Members requested that, where it is economically possible, efforts be made to incorporate sustainable building methods to any future building projects.

5 IMPLICATIONS

5.1 Financial Implications

There are no specific Financial Implications regarding Inward Investment and Business Support contained this scrutiny report.

5.2 Legal Implications

There are no specific Legal Implications regarding Inward Investment and Business Support contained this scrutiny report.

5.3 Equalities Implications

There are no specific Equalities Implications regarding Inward Investment and Business Support contained in this scrutiny report.

BACKGROUND DOCUMENTS

Notes of the Informal Working Group meetings of 28 February, 8 and 22 March 2012
Annual Report 2011 – Making a Difference
World of Work 2011 – Summary Report of the SBC/Job Centre Plus/North Herts College sponsored Jobs Fair

APPENDICES

- Appendix A – Scrutiny Scoping Proforma