

**HAMPSHIRE COUNTY COUNCIL****Decision Report**

<b>Decision Maker:</b>	Executive Member for Economy, Transport and Environment
<b>Date:</b>	21 January 2014
<b>Title:</b>	Enterprise First
<b>Reference:</b>	5506
<b>Report From:</b>	Director of Economy, Transport and Environment

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## **1. Executive Summary**

- 1.1. The purpose of this paper is to seek agreement that Hampshire County Council continues existing arrangements to award a contract to Enterprise First at a cost of £15,000 for the 2013/2014 financial year. The Council's funding would contribute directly to the business support which Enterprise First offers Small to Medium sized Enterprises (SMEs), particularly start-up businesses across Hampshire. Start-up advice is provided free at the point of access.
- 1.2. This proposal is presented in the context of the Council's Economic Development Service undertaking a comprehensive review of the current support for businesses and business support organisations with a view to adopting a more strategic approach to future arrangements from 2014/2015 onwards.
- 1.3. Hampshire County Council's £15,000 contribution to support on-going delivery of services to Hampshire businesses in 2013/2014 would ensure continuity of existing support during the review.
- 1.4. However, it is recognised that there are emerging opportunities, particularly in collaborating with the Enterprise M3 and Solent Local Enterprise Partnerships, to achieve greater impact in terms of delivering support to Hampshire's businesses. On that basis, it is proposed that the Council does not continue existing arrangements beyond 2013/2014, and that any funding in future will be subject to the outcome of the review of the most effective delivery of business support.

## **2. Contextual information**

### **Economic Background**

- 2.1. Hampshire County Council's 'Hampshire Economic Assessment – 2013 Update' informs us that 'the recent recession is clearly visible in the overall reduction in the number of businesses by around 1,000 and the decline in the Gross Value Added in the Hampshire Economic Area.
- 2.2. The most recent data available indicate there were just over 61,000 businesses in the Hampshire Economic Area in 2012, of which 99.6% were SMEs, making this a very significant grouping of businesses contributing to the economy.
- 2.3. The number of enterprises per 10,000 working age residents is 545 in the Hampshire Economic Area, considerably lower than the South East business density at 624 per 10,000 working age residents.
- 2.4. The Hampshire Economic Area business start-up rate per 1000 population is 4.28, compared to Berkshire and Surrey at 5.62 and the South East at 4.87 indicating a lower level of enterprise than comparator areas.
- 2.5. Business support activity is critical to supporting many of the County's businesses and therefore sustaining and potentially enhancing overall economic competitiveness.
- 2.6. Business support organisations play an important role, not just in supporting businesses to start-up but also in increasing the likelihood of their survival. Research shows that 70 per cent of small businesses that receive mentoring survive for five years or more. This is double the rate compared with non-mentored entrepreneurs. Mentored businesses are also 20 per cent more likely to experience growth. (Source: Small Firms Enterprise Development Initiative)

### **Enterprise First Background**

- 2.7. Enterprise First was established in 1981 as part of a government initiative to establish a national network of accredited Enterprise Agencies to support all those considering starting a business. These not for profit Enterprise Agencies were uniquely positioned to provide free, independent and impartial advice at the point of access with low-cost fees charged for additional bespoke advice and training.
- 2.8. Enterprise First, having merged with other agencies has continued, with support from Hampshire County Council and other public and private sector organisations, to deliver free advice to start-ups and SMEs. The County Council's and other's support specifically enables Enterprise First to deliver free start-up advice and services, thereby increasing the likelihood of entrepreneurs accessing the appropriate assistance from the out-set. As Enterprise First is the only provider offering such free advice, the procurement process would take the form of a single tender award.

- 2.9. Enterprise First's administrative centre is based in Aldershot and the agency currently delivers services to SMEs and start-up businesses throughout Hampshire, Surrey and Kent. It has a Hampshire client base of approximately 2,000 and provides Hampshire County Council with an effective channel to support start-up and SME businesses.
- 2.10. Enterprise First offers a range of advice and support services to businesses including face-to-face sessions (1,224 in 2012/13) which have been much valued by their client base since a similar former Business Link service was withdrawn in 2011. Other services include up to 20 themed workshops each year and 4 'Ask the Expert' events. Independent feedback from clients consistently rates levels of satisfaction with its services at 90 per cent or more and 96 per cent of clients would recommend Enterprise First's services to others.
- 2.11. The factors which differentiate Enterprise First's offer are, that it offers advice free at the point of access and additionally, operates four Enterprise Centres in South Hampshire on behalf of local authorities. These are managed workspaces offering easy in-easy out terms, providing businesses with low financial risk and the flexibility to move up, down, or onto other premises. Occupancy levels typically run at 80-90 per cent. Enterprise First can offer start-up businesses advice from the out-set and on-going support facilitated through its managed work space, helping start-ups to succeed and grow.
- 2.12. As a result of the closure of Nokia's base in Farnborough and the loss of 700 jobs, Enterprise First has been supporting over 120 of those made redundant and who want to start up their own business.
- 2.13. The agency is also exclusively managing and delivering the National Enterprise Allowance programme across Hampshire and the Isle of Wight. The programme supports those registered with Jobcentre Plus with the opportunity to start their own business. To date they have helped over 300 new businesses to commence trading. Given the on-going challenges in the employment market, Economic Development recognises the value of this programme and would wish to support Enterprise First to deliver it.

### **3. Finance**

- 3.1. Enterprise First is a not for profit organisation that receives funding from various stakeholders, as well as through its enterprise centres.
- 3.2. Income breaks down broadly as follows: 55% from enterprise centres, 30% public funding, 10% from managing programmes and projects, and 5% from networks and other private sector funding [percentages have been rounded].
- 3.3. In 2012/13 the Executive Member for Economic Development and Rural Affairs agreed a contract with Enterprise First at a cost of £15,000 for that year.

- 3.4. The majority of this funding was targeted at enabling Enterprise First to continue to provide its core service, one-to-one meetings with a business advisor, free of charge to clients. The Council has had annual service level agreements with Enterprise First since 2006/2007.
- 3.5. It is proposed to award a contract to Enterprise First at a cost of £15,000 from the Economic Development budget to continue to deliver the services to Hampshire's businesses for 2013/14. Any funding in future will be subject to the outcome of the review of the most effective delivery of business support.

#### **4. Performance**

- 4.1. In 2012/2013 Enterprise First met all, and in some cases, exceeded the agreed targets in the Service Level Agreement by delivering:
  - In excess of 1,200 client meetings (excluding Portsmouth and Southampton);
  - 18 workshops;
  - 4 'Ask the Expert' business networking events; and
  - A free monthly advice bulletin sent to 2,000 Hampshire clients.
- 4.2. Enterprise First is widely regarded by other local authority funders as providing good value for money.

#### **5. Future direction**

- 5.1. As indicated in paragraph 1.4, the Economic Development Service recognises there are emerging opportunities to adopt a more strategic approach to delivering support to Hampshire's businesses. Hampshire County Council is working with both the Enterprise M3 and Solent Local Enterprise Partnerships to shape their respective Growth Hub services to deliver business support in the most effective way.
- 5.2. In that context a comprehensive review is being undertaken of how the Council could provide support to businesses and business support organisations from 2014/2015 onward. The County Council's support to Enterprise First will be considered within that review. Subject to the outcome of the review, the County Council might in principle, wish to continue to provide support to businesses through Enterprise First's services.
- 5.3. In any instance, the County Council would undertake robust discussions with any business support providers to which it might decide to provide funding in the future. These discussions will focus on ensuring a high quality of service delivery across Hampshire.

**6. Recommendations**

- 6.1 That a contract be awarded to Enterprise First at a cost of £15,000 to ensure continuity of support services to businesses in 2013/2014.
- 6.2 That any potential future funding support for Enterprise First will be subject to the conclusions of the review of SME business support across Hampshire.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	no
Corporate Improvement plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> Enterprise First	<u>Reference</u> 3991	<u>Date</u> 28 June 2012

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1 The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. The website contains a summary [assessment of the impacts](#) on Enable businesses to thrive in Hampshire.
- 1.2 It is considered that the issues covered by this report will not have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures.

### **2. Impact on Crime and Disorder:**

- 2.1. The proposals in this report are not considered to have any direct impact on Crime and Disorder, save that any advice provided on business resilience might contribute to the prevention of business crime or crime against businesses

### **3. Climate Change:**

- 3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

There is no direct impact save that any advice provided on business efficiency and reducing energy consumption could contribute to a reduction in carbon footprint/energy consumption

- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

As with 3.2, any advice given that supports a business to adopt energy saving measures, switch to alternative energy sources or adopt business practices that reduce its carbon footprint could contribute to mitigating against the impacts of climate change