

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	19 January 2016
Title:	Hampshire Enterprise Circle
Reference:	7138
Report From:	Director of Economy, Transport and Environment

Contact name: Michelle McClean

Tel: 01962 845745

Email: michelle.mcclean@hants.gov.uk

1. Executive Summary

1.1. The purpose of this paper is to seek approval for Hampshire County Council to introduce an administration fee for members of the Hampshire Enterprise Circle to cover the costs of running this business network and associated activities.

1.2. This paper seeks to:

- Set out the history and nature of the Hampshire Enterprise Circle;
- Explain the proposals being put forward, including feedback from current members;
- Highlight the relevant legal issues and potential risks for the County Council;
- Set out the proposed timelines for the next steps should the recommendations be approved.

2. Background

2.1. The Hampshire Enterprise Circle is currently a free membership programme which supports enterprise and SME growth in the region through a series of monthly networking events and workshops.

2.2. The Enterprise Circle has its origins in the Hampshire Ambassadors programme, which was re-launched in 2014 as the Hampshire Enterprise Circle.

- 2.3. The Enterprise Circle membership has increased significantly since the re-launch with current membership standing at around 2,500 members who subscribe to the programme's monthly e-news updates. Over 700 members are registered on the programme's active LinkedIn group.
- 2.4. The membership base is primarily made up of micro businesses, with 26% being 1 person companies and 56% of members in a business of 10 or fewer employees. Over 18% of members in the programme are employed in a company with over 100 employees.
- 2.5. The Hampshire Enterprise Circle is managed by approximately 0.5 FTE within the Economic Development team.

3. Proposal

- 3.1. Driven by the Council's need to identify savings and improve efficiency, a potential full cost recovery model for the Hampshire Enterprise Circle has been identified.
- 3.2. Assuming a successful transition from a free membership model to a paid membership/admin fee model, this would ensure the longer term sustainability of the Enterprise Circle.
- 3.3. Naturally, the level of potential annual income generation will be highly dependent on the number of existing members who are prepared to subscribe on a fee-based basis and the number of potential new members who identify the programme as having a business benefit and therefore a cost value.
- 3.4. The aim of the proposal is for the membership subscription to cover the 0.5 FTE cost of an existing post to manage the programme. This will be in the region of £20,000 annually. Any additional revenue for Enterprise Circle will be reinvested back in to the programme to cover web site development and associated marketing costs.

4. Developing the Value of Membership

- 4.1. The current programme offers monthly Onsite Insight networking events to the Hampshire SME base, with around 50 businesses attending each event. A monthly e-newsletter is also distributed to the group.
- 4.2. The new paid membership model would include all the above and:
 - a) Bi-monthly business support workshops free of charge;
 - b) Full use of Hampshire Enterprise Circle branding for their marketing and promotional purposes;
 - c) Access to the online resources through the use of the Hampshire Enterprise Circle website.

- 4.3. Digital technologies will be used in greater depth to automate business processes, including an online payments system and Eventbrite for event bookings. Automating both of these elements should reduce the administrative requirements of the programme.

5. Market Research

- 5.1. An online SNAP Survey of the full membership base was published in July 2015 and 71 responses were captured.
- 5.2. Of the 71 respondents, 49% stated that they would not be interested in continuing their membership if the fee was introduced. 17% were in the 'Somewhat' category and 34% in the 'I would be interested' category.
- 5.3. Whilst this is a low response rate, it is a nominal indicator of the likelihood that 51% of existing members would be willing to consider a paid for membership.
- 5.4. In addition, approximately 20 new members join the Enterprise Circle each month. Based on the response results above, there is some confidence that up to 50% of potential new members would consider or be inclined to take up paid membership, i.e. 10 new members per month.
- 5.5. In crude terms, the research indicates that a new fee based membership would likely result in an immediate reduction of at least 1,000 members. Notwithstanding, the remaining and all additional new members could, with the right pricing structure, generate sufficient revenue to cover the 0.5 FTE costs for managing the programme.

6. Proposed Pricing Structure

- 6.1. It was initially proposed to set the membership subscription at £50.00 per member per annum, which was the level of fee suggested in the survey.
- 6.2. As such, with an on-going membership base estimated in the first year of around 400 members (represents 20% of existing members) as a worse case scenario, £20,000 revenue could potentially be generated.
- 6.3. There is scope to generate an additional estimated £5,000 income from overall corporate sponsorship of the programme by a financial or professional services organisation.

7. Legal Considerations

- 7.1. Discussions have been ongoing with Hampshire County Council's Legal Services team and it has been agreed that provided any surplus revenue is reinvested back in to the model the scheme will be compliant with Competition Law.

- 7.2. Hampshire County Council must demonstrate that members are getting value for money despite the introduction of this fee. Additional income will be invested in to more high profile Enterprise Circle events, website development and ongoing promotional efforts through advertising and business conference exhibition space.
- 7.3. Detailed terms and conditions will provide transparency and accountability for the charging scheme, explaining the context of the charges and the basis upon which charges have been calculated. The document will disclose that the income will be used to cover the costs of running the network and to enhance the service for members.

8. Proposed Project Timeline

- 8.1. Should the recommendations in this report be approved, the proposed key next steps are to initiate a communications exercise with the existing Hampshire Enterprise Circle members with regards to the proposed changes, and then to implement the new admin fee from April 2016 onwards.

9. Potential Risks and Proposed Mitigation

- 9.1. The following potential risks and proposed mitigation measures have been identified:

Risk	Probability	Proposed Mitigation
Significant loss of membership	Medium	Membership fee set at nominal level of £50 pa. Ensure that members aware of value of membership and plans to continue to invest in the programme.
Lack of growth of membership	Low	Evidence of increasing interest, but more promotion of the programme required.
Generating income beyond costs	Low	All income to be used to cover costs, including staff time. All income to be reinvested in the programme.
Reputational/Political	Medium	Fee set at low level. Communications to be clear that fee only relates to covering costs of delivering the programme.

10. Recommendations

- 10.1. That the Executive Member for Economy, Transport & Environment gives approval for Hampshire County Council to introduce the charging of a nominal administration fee for all individuals wishing to be members of the Hampshire Enterprise Circle from 1 April 2016;
- 10.2. That the Executive Member for Economy, Transport & Environment gives delegated authority to the Director for Economy, Transport & Environment to put in place appropriate arrangements to implement these changes, in accordance with the County Council's legal and financial procedures.

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

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

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.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

It is considered that this project will have little or no impact on groups with protected characteristics as the Hampshire Enterprise Circle is open to any potential members representing the business community across Hampshire and has no geographical specificity within Hampshire.

2. Impact on Crime and Disorder:

2.1. Not applicable.

3. Climate Change:

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

Not applicable.

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

Not applicable.