
By: Megan McKibbin, Regeneration and Economy

To: Regeneration and Economic Development Policy Overview and Scrutiny Committee – 1 April 2011

Subject: Regeneration and Economic Development Business Growth Programme

Classification: Unrestricted

Summary:

This paper proposes a Framework Business Growth Programme

1. Introduction

1.1 Kent County Council has a strong commitment to Business Growth set out in the Regeneration Framework, Bold Steps for Kent, and demonstrated by the Backing Kent Business campaign launched during the 2008/09 recession. The Regeneration Framework '**Unlocking Kent's Potential**' identifies the need to "provide an environment in which businesses are able to grow and flourish.....ensuring businesses have access to the skills they need and have scope to expand their role as creators of wealth" as one of its priorities. In addition "**Growing the Economy**" is the one of the three "Bold Steps for Kent" Ambitions agreed by the Kent Forum.

1.2 This report proposes a Framework Business Growth Programme for KCC focussed on the following five areas:-

- Business Voice and Profile
- Key Sector Development
- Employer – focussed Skills
- Inward investment and Trade
- Enterprise and Innovation

2. Building on Strengths – Responding to the Challenge

2.1 As one of three key programme areas in the Regeneration and Economy business plan for 2011/12, the Business Growth programme area will be developed as a coherent response to the Bold Steps for Kent Ambition "to grow the economy". Firstly, because it will build on the established strength of Regeneration and Economy in developing a relationship with the business community – and secondly because it will develop the R&E mandated role of working with all the functions of the County Council and external partners to achieve business growth.

2.2 Whilst “business growth” is a priority nationally and locally - with the aim that private sector growth will provide employment growth and rebalance the economy towards less dependence on consumption and more on production – it is clear that the economic climate remains very challenging. Growth forecasts from the British Chambers of Commerce for 2011 were recently revised down to 1.4% in March 2011. Commodity prices and currencies are extremely volatile, making input costs and international trading conditions unpredictable and consumer confidence is still weak with the British Retail Consortium reporting on 8th March a fall of 0.4% in retail sales in February against a year ago.

2.3 Reported via the Business Advisory Board, the current challenges businesses locally face includes:-

- Low consumer confidence – particularly in those areas of the County with a higher dependence on Public sector employment i.e. East Kent
- Steeply rising commodity prices – notably wheat, steel and paper – coupled with rising fuel costs
- Volatile exchange rates - problematic for exporters in terms of long term pricing and yield forecasts
- Low levels of bank lending – with higher hurdles to obtain loans and more conditions on existing ones

This programme area will be both agile and responsive to the economy and policy changes.

3. Policy Context

3.1 HM Treasury and BIS published in November 2010 “**The path to strong, sustainable and balanced growth**”. The Government’s approach is based on a combination of fiscal and monetary reform intended to introduce more dynamism in the UK business environment including reform of the planning system, reduction in business regulation, easing access to finance, incentives for entrepreneurship and innovation, and prioritising investment in infrastructure that will unlock business investment. Welfare reform to encourage people back to work, a sector based approach and a focus on internationalising business are also part of the mix.

3.2 In January 2011, the BIS document “**Bigger, Better Business**” outlines what the Government’s (fairly limited) business support offer is, based on the assumption that most businesses seek support from private providers and business networks and the role of Government is to intervene only where there is evident market failure. Thus the Government funded support is :-

- **Online business information** – www.businesslink.gov.uk
- **A national contact centre** – a team of business advisors to

augment the web based service

- **Help for start ups** - specifically via the New Enterprise Allowance for unemployed people, an online Business Start up hub, and help for home based businesses for social housing tenants
- **A network of 40,000 business mentors** – tailored mentoring for start ups and those seeking specialist business finance advice
- **Business Coaching for Growth** – for established SMEs with high growth potential
- **Action to raise entrepreneurial activity in key communities** – focussed on women, Black, Asian and Minority Ethnic groups and armed services leavers.

3.3 Finally, in terms of national policy Dr Hermann Hauser’s BIS report “**the Current and Future Role of Technology and Innovation Centres in the UK**” has resonance for Kent in terms of the identified need for more investment in R&D and better alignment of the HEI offer to grow competitive advantage and export potential, as well as the proposals for the Research, Innovation and Technology Zone (RITZ) first Sandwich Economic Development Task Force report.

4 The Framework Business Growth Programme

4.1 To achieve the Kent Ambition to “Grow the Economy” – the County Council Business Growth Programme will establish Kent as a County where it is easy to start up and grow a business, to create jobs, where levels of business investment are increased and where business is supported to increase volumes of productivity and exports.

4.2 Activity will be focussed on those things not provided via national funding and where good intelligence from the business community suggests will result in real growth and/or help maintain existing sector performance. The programme headlines noted below encompass the current, valued business support activity of the County Council detailed in the Regeneration and Economy Function’s Annual Business Plan for 2011/12, and a number of areas under development.

4.3

Business Voice and Profile

Current Priorities

Continuing and developing a strong, clear dialogue between business and the public sector as well as business to business

- Local Economic Partnership (LEP)
- Kent Economic Board (KEB) and the Business Advisory Board (BAB)
- Kent 2020
- KEIBA’s

Under Development

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| Identifying barriers to growth and profiling future growth potential |
| Key Sector Development |
| <p><u>Current priorities</u> Supporting KCC's commitment to a more sector-based approach working with business to identify opportunities and barriers to growth on a sector by sector basis.</p> <ul style="list-style-type: none"> • Sector Consultation Events – Low Carbon & Energy Production, Health & Social Care, Digital & Creative Media, High growth technology, Manufacturing & Engineering • Kent Rural Board – and the rural programmes • Visitor Economy via Visit Kent • Local food and goods production via Produced in Kent (PinK) • Low Carbon Business including the Off-shore wind farm industry in NE Kent, particularly the potential of the Medway Estuary Hub <p><u>Under development</u> Strengthened interface with HEI's to respond to sector specific requirements for enhanced R&D capacity locally – and R&D commercialisation</p> <p>A future focus on Manufacturing, home-based business and other major sectors – retail, transport & logistics, construction</p> <p>Developing the concept of Kent Rural plc.</p> <p>Developing the skills programme and local supply chain directory/capability to support low carbon and off-shore wind industry.</p> |
| Employer focussed skills |
| <p><u>Current priorities</u> Ensure that the skills business need for growth and development are understood and provision is responsive to needs.</p> <ul style="list-style-type: none"> • Improving the interface between employer demand and provision • Support and encourage business engagement with Kent Apprenticeships • Grads Kent – stimulating the market to support more graduates employed in SME's |
| Inward Investment and Trade |
| <u>Current priorities</u> |

Through Locate in Kent continue to attract inward investment to the County with a particular focus on the County's growth and regeneration areas, to retain Kent jobs vulnerable to redundancy or relocation and to promote Kent as a business location.

Also produce annual Kent Property Market Review

Enterprise and Innovation

Current priorities

Work with partners to find innovative solutions to unlocking growth such as - access to finance, business infrastructure & premises, and entrepreneurial culture

- Kent Investment Club (Business Angels network)
- Broadband Demonstration Project
- Business premises – The Old Rectory, Whitfield, Gravesend Old Town Hall
- Investment fund for Kent & Medway

Under development

Working more closely with BiS to ensure Kent gets the best deal from new services e.g. influencing the design of the new "Business Coaching for Growth" service.

Securing some legacy for the Kent & Medway Innovation & Growth Team – which has focussed on High Growth Businesses.

Specialist support for business starts – as previously available via the SEEDA funded Enterprise Gateways and Business Link

The creation of a Research, Innovation and Technology Zone (RITZ) at Pfizer Sandwich, Manston and key sites within the East Kent Assisted Area

5. Management and implementation

- 5.1** The new KCC structure provides a clear division of responsibility between the Directorate of Business Strategy and Support (essentially a commissioning arm) and service delivery directorates. Ownership, management and direction of the Business Programme lies with the Business Strategy Directorate, with regular reporting to the Cabinet Member for Regeneration & Economic Development.
- 5.2** Delivery will be commissioned through Enterprise and Environment or via external contracts and would be variously funded through the Regeneration Fund and/or through core budget. Invariably, these will include partnership agreements and particularly where projects are able to attract private sector, European, national government or other external sources of funding:

- 5.3** There will be responsibility to keep the Business Programme under review to ensure, firstly non-duplication with other agencies, and secondly, via the Kent Forum and BAB and its wider networks that the Programme evolves and continues to meet local business need and policy priorities. It is proposed to provide six monthly monitoring reports detailing achievements, outcomes and flagging up any new products and ideas Members may want the programme to develop to reflect.

6. Recommendation

The Regeneration and Economic Development Policy Overview and Scrutiny Committee asked to discuss the Framework Business Growth Programme and to steer its development via receipt of six monthly monitoring reports.

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Background Documents:

KCC's Regeneration & Economy Division Annual Business Plan 2011/12

HM Treasury and BiS "The path to strong, sustainable and balanced growth", November 2010

BiS "Bigger, Better Business" January 2011

BiS "The Current and Future Role of Technology and Innovation Centres in the UK", March 2010