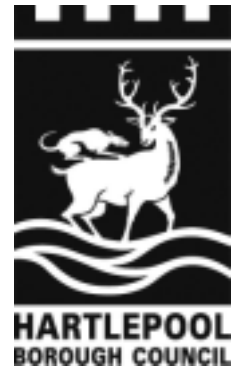


REGENERATION AND PLANNING SERVICES SCRUTINY FORUM AGENDA



Thursday, 18 February 2010

at 3.00 pm

in the Hartlepool Enterprise Centre, Brougham Terrace, Hartlepool

MEMBERS: REGENERATION AND PLANNING SERVICES SCRUTINY FORUM:

Councillors R W Cook, S Cook, Cranney, Gibbon, A E Lilley, London, McKenna, Rogan and Wright

Resident Representatives:

Ted Jackson, John Lynch and Iris Ryder

- 1. APOLOGIES FOR ABSENCE**
- 2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
- 3. MINUTES**
 - 3.1 To confirm the minutes of the meeting held on 21 January 2010
- 4. RESPONSES FROM THE COUNCIL, THE EXECUTIVE OR COMMITTEES OF THE COUNCIL TO FINAL REPORTS OF THIS FORUM**

No items.

5. **CONSIDERATION OF REQUEST FOR SCRUTINY REVIEWS REFERRED VIA SCRUTINY CO-ORDINATING COMMITTEE**

No items.

6. **CONSIDERATION OF PROGRESS REPORTS / BUDGET AND POLICY FRAMEWORK DOCUMENTS**

No items.

7. **ITEMS FOR DISCUSSION**

Scrutiny Investigation into Hartlepool's Business Incubation System

7.1 Setting the Scene

- (a) Covering Report – *Scrutiny Support Officer*
- (b) Draft Scrutiny Report – *Director of Regeneration & Neighbourhoods*

8. **ISSUES IDENTIFIED FROM FORWARD PLAN**

9. **ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT**

ITEMS FOR INFORMATION

- i) **Date of Next Meeting :- Thursday, 4 March 2010 at 3.00 pm at the Hartlepool Innovation Centre, Queens Meadow Business Park, Hartlepool**

REGENERATION AND PLANNING SERVICES SCRUTINY FORUM

MINUTES

21 January 2010

The meeting commenced at 3.00 pm in the Civic Centre, Hartlepool

Present:

Councillor: Councillor Trevor Rogan (In the Chair)

Councillors: Kevin Cranney, Steve Gibbon, Alison Lilley and
Frances London

Resident Representatives: Ted Jackson and John Lynch

Officers: Dave Stubbs, Director of Regeneration and Neighbourhoods
James Walsh, Scrutiny Support Officer
Denise Wimpenny, Principal Democratic Services Officer

43. Apologies for Absence

An apology for absence were received on behalf of Councillor R Cook.

44. Declarations of interest by Members

None

45. Minutes of the meeting held on 5 November 2009

Confirmed

46. Responses from the Council, the Executive or Committees of the Council to Final Reports of this Forum

None

47. Consideration of request for scrutiny reviews referred via Scrutiny Co-ordinating Committee

None

48. Regeneration and Neighbourhood Department: Budget and Policy Framework Consultation Proposals 2009/10 *(Scrutiny Support Officer)*

The Scrutiny Support Officer advised that as part of the Budget and Policy Framework consultation proposals for 2010/11 this item provided the opportunity for the Forum to consider the Regeneration and Neighbourhoods Department's budget for 2010/11 relating to the service provision of Regeneration and Planning Services. The Forum's comments would be fed back to Scrutiny Co-ordinating Committee to enable a response to be formulated and presented to Cabinet on 8 February 2010.

The Director of Regeneration and Neighbourhoods who was in attendance at the meeting reported that whilst no budget pressures or priorities had been presented for consideration this year the future financial position remained a major concern for the Council.

Members congratulated the Regeneration and Neighbourhoods Department on the successful implementation of the future jobs fund which had created a number of employment opportunities for the long term unemployed.

Recommendation

- (i) That the Regeneration and Neighbourhoods budget for 2010/11, be supported.
- (ii) That the comments relating to the successful implementation of the future jobs fund, be noted.

49. Six Monthly Monitoring of Agreed Regeneration and Planning Services Scrutiny Forum's Recommendations *(Scrutiny Support Officer)*

Details of progress made on the delivery of the agreed scrutiny recommendations against investigations undertaken by the Forum since the 2005/06 municipal year were presented to Members. A summary report, attached at Appendix A, provided a break down on progress made by investigation and Appendix B provided a detailed explanation of progress made against each recommendation that was either expected to achieve target or not expected to achieve target.

It was noted that since the 2005/06 municipal year, 84% of the Forum's recommendations had been achieved with 14% expected to be achieved.

With regard to the recommendations arising from the scrutiny investigation into availability of good quality affordable rented social accommodation that the Council's local planning policy be updated to include provision for

affordable accommodation and, in particular social rented accommodation, a lengthy discussion ensued in relation to the current consultation on the Affordable Housing Development Plan Document and the option to seek a minimum affordable housing contribution of 10% on all residential developments. The Director of Regeneration and Neighbourhoods emphasised the importance of Member and public involvement in the consultation process.

Reference was made to a recent decision of the Planning Committee in relation to the provision of social rented accommodation and the importance of decisions being based on planning law. It was noted that in accordance with forthcoming planning regulations, all Planning Committee Elected Members would be required to undertake statutory training. A Resident Representative queried whether planning training could be provided to resident representatives. Whilst the benefits of training were acknowledged, the possibility of providing guidance notes for resident representatives was suggested.

In response to a Member query in relation to Regional Assembly representation, the Director of Regeneration and Neighbourhoods provided clarification regarding the make up of the Regional Development Agency.

Recommendation

That progress against the Regeneration and Planning Services Scrutiny Forum's agreed recommendations since the 2005/06 municipal year and the comments of the Forum, be noted.

50. Issues Identified from Forward Plan

None

51. Any Other Items that the Chair Considers are Urgent – Transport Interchange Update

In response to the Chair's request for an update regarding progress on the transport interchange and if the recent poor weather had caused delays, the Forum was advised that the current works were on schedule.

52. Date of Next Meeting

It was reported that the next meeting would be held on Thursday 18 February 2010 at 3.00 pm in the Hartlepool Enterprise Centre, Brougham Terrace, Hartlepool.

The meeting concluded at 3.38 pm.

CHAIRMAN

REGENERATION AND PLANNING SERVICES SCRUTINY FORUM

18 February 2010



Report of: Scrutiny Support Officer

Subject: HARTLEPOOL'S BUSINESS INCUBATION SYSTEM
– SETTING THE SCENE – COVERING REPORT

1. PURPOSE OF REPORT

- 1.1 To provide Members with an introduction to the 'Setting the Scene' report and presentation, which will be delivered at today's meeting by representatives from the Regeneration and Neighbourhoods Department, as part of this Forum's investigation into 'Hartlepool's Business Incubation System'.

2. BACKGROUND INFORMATION

- 2.1 Members will recall that at the meeting of this Forum on 5 November 2009, the Terms of Reference and Potential Areas of Inquiry / Sources of Evidence for this Scrutiny investigation were approved by the Forum.
- 2.2 Consequently at today's meeting evidence is to be provided by officers from the Regeneration and Neighbourhood's Department as part of the 'Setting the Scene' evidence gathering session for the Forum's investigation into 'Hartlepool's Business Incubation System'.
- 2.3 Members will note that in addition to a presentation by representatives from the Regeneration and Neighbourhood's Department a detailed report supporting the presentation is attached at 7.1(b) of this agenda.

3. RECOMMENDATIONS

- 3.1 That Members note the content of this report and the presentation, seeking clarification on any relevant issues from the representatives from the Regeneration and Neighbourhood's Department where felt appropriate.

Contact Officer:- James Walsh – Scrutiny Support Officer
Chief Executive's Department - Corporate Strategy
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BACKGROUND PAPERS

The following background paper was used in the preparation of this report:-

- (a) Report of the Scrutiny Support Officer entitled 'Scrutiny Investigation into Hartlepool's Business Incubation System – Scoping Report' presented to the Regeneration and Planning Services Scrutiny Forum of 5 November 2009.

REGENERATION AND PLANNING SERVICES SCRUTINY FORUM REPORT

18 February 2010



Report of: Director of Regeneration & Neighbourhoods

Subject: DRAFT SCRUTINY REPORT – BUSINESS
INCUBATION

1. PURPOSE OF REPORT

- 1.1** This report seeks to outline Hartlepool's Business Incubation System to develop a vibrant and successful economy based on a diverse and dynamic business community
- 1.2** This report will primarily focus on the reasons why Hartlepool needed to develop a more sustainable economy, the development of the DTZ PIEDA Business Incubation Strategy, development of funding mechanisms, integration of key partners, delivery of physical infrastructure and the implementation of the Business Support Framework

2. BACKGROUND

- 2.1.** Historically Hartlepool's economy had been based on a very narrow sectoral base much like most of the north east region and was therefore subject to severe decline in the 1970's and 1980s' due to structural changes to the north east economy.
- 2.2** The key interventions to regenerate the economy centred on attracting inward investment from a broad range of foreign investment. This work was largely based on cost competitive issues such as labour, land and premises. Hartlepool's "offer" was supported by significant Government grants and loans, investment into business infrastructure and strong regional and local activities in marketing locations for investment and then providing a broad range of services to potential inward investors.
- 2.3** As a direct result of global economic changes a wide range of competing locations such as China and Eastern Europe entered the market offering cheaper labour and premises costs together with major incentives, the UK and in particular the north east became uncompetitive in the attraction of mobile inward investment.

In addition to this, previous investors began to move their production to overseas locations, Samsung being a prime example of this shift in investment patterns

- 2.4** On the positive side there was much investment in business infrastructure such as the Samsung site which has enabled subsequent development and major business investment creating large numbers of jobs. In addition a number of earlier inward investors to Hartlepool have grown and thrived receiving subsequent investments from their parent groups despite strong competition from a range of low cost overseas options.
- 2.5** As a result of this second wave of economic structural changes it became clear that the main thrust of our efforts needed to focus on developing the indigenous business market, developing new business start ups and assisting small and medium enterprise growth.

3 HARTLEPOOL'S BUSINESS INCUBATION STRATEGY

- 3.1** In 2000 Hartlepool Borough Council submitted a ten year Single Programme Investment Plan which identified business incubation as our key strategy to help develop and stimulate the local economy. Hartlepool was the only Tees Valley Authority to submit such a plan at that time.
- 3.2** Subsequent to this Hartlepool Borough Council and its key Partner Hartlepool New Deal for Communities commissioned a significant piece of work, the Hartlepool Business Incubation System Strategy and after a competitive tendering process, DTZ PIEDA was awarded a £30,000 contract to develop the strategy and this was completed in 2002.
- 3.3** The strategy was developed in partnership with a wide range of organisations including One NE , Business Link and voluntary/community sector.
- 3.4** The Business Incubation System Strategy recognised the need to develop a strong enterprise framework and identified the following key activities
- **Creation of a Hot House Incubation Unit**
 - **Enhancements to existing managed workspace**
 - **Implementation of a bespoke support system**
 - **Development of partnership working framework**
 - **Development of move on accommodation for growing small businesses.**
- 3.5** On completion of the strategy a comprehensive funding package was put together to support the implementation of the strategy, the key components are noted in the table overleaf.

Funding Requirement		Source of Funding	
"Hot House"	3,700,000	NRF	1,162,000
Brougham Development	1,375,000	Single Programme	2,340,000
Incubation system	377,000	Hartlepool B C	80,000
		UK Steel Enterprise	1,870,000
Total	5,452,000	Total	5,452,000

3.6 Recognising the Council lacked the in-house capacity to deliver the Hot House development alternative delivery options were considered, including commercial providers and other business support agencies. The outcome of that process was an approach to UK Steel Enterprise [UKSE] who have a long and successful track record in steel areas. As a result of this, UKSE has developed a 27,000 sq ft centre at Queens Meadow and the centre is currently 100% let and is the best performing Centre in UKSE's property portfolio. The centre is built to BREEAM standards.

The delivery of the Hot House at Queens Meadow was also in line with the Queens Meadow marketing strategy also undertaken by DTZ Piedad during 2002 and published April 2003. This strategy development was overseen by the Hartlepool Economic Forum.

3.7 At the same time Economic Development commenced work on the enhancement scheme for Hartlepool Enterprise Centre [formerly Brougham Enterprise Centre]. The design, procurement and contract management of the Hartlepool Enterprise Centre Enhancement scheme were undertaken by the Council's Procurement and Property Services, with local business, GRD being the main contractor. The project has enabled a major enhancement to the centre with additional lettable units to support the small business market. The scheme was completed October 2006 and has been fully let ever since. The Centre has become the gateway for the prestart and small business market with a number of support agencies co-located including Business Enterprise North East. The approach is to keep a small level of vacant units to enable the incubation of targeted businesses.

3.8 At the same time a marketing campaign was undertaken in conjunction with TVR to attract a move-on accommodation project for Queens Meadow. The campaign has proved successful and Rivergreen Developments has completed 40,000 sq ft for phase 1 with another 40,000 sq ft for phase 2 planned. The development offers high quality hybrid space built to BREEAM standards. The first unit has been let to Babcock Networks and the second 10,000 sq ft unit has been let to Hart Biologicals, a local biotechnology start-up business.

- 3.9** Strong interest has been shown by Gladman Developments in undertaking a minimum of 60,000 sq ft of speculative office development at Queens Meadow. Likely initial investment will be in the region of £6m. The project has been delayed due to the current economic recession however it is anticipated the project will commence as soon as trading conditions improve.
- 3.10** To supplement the move-on accommodation element of the strategy the Council undertook an enhancement programme at Newburn Bridge, a small Council owned industrial development, investing £85,000 in the financial year 2005 - 2006. This has been successful with 5 tenants expanding from Brougham into the estate and occupancy rising from 33% before the investment to nearly 100%.
- 3.11** More recently the Council has allocated WNF funding of £5,950,000 over three years 2008-2011 to support the Jobs and Economy theme. The enterprise activity has been allocated £962,000 which also includes resources for the voluntary/community sector to carry out social enterprise activities and self employment support within the deprived areas of Hartlepool
- 3.12** The business support programme was seen as the key added value element that took the project from a purely physical response to provide a full support system. A group of new young entrepreneurs was established by the Council and Business Link to act as a networking consultee group underpinning the development of the system. This was seen as the critical ingredient ensuring that the new system added value to existing measures of support and acted as a catalyst for further integration of business support in this sector.
- 3.13** Enterprising Hartlepool, the small business network group looked at existing support measures and suggested what was missing or what needed building on and proved to be an essential part of the process. The business support system was then streamed into key areas noted below;
- **Access to Markets; encouraging businesses to trade outside of the town, recognising the need for Hartlepool to draw wealth in rather than just circulating it within the town. Developed in conjunction with UK Trade Industry [UKTI]/Business Link**
 - **Targeted grants; support to assist market development**
 - **Access to Finance; development of funding packages and expert support designed to enable businesses to understand and take control of their financial processes and position. Developed in conjunction with Business Link and private sector consultancy. Also includes provision of targeted start up grants**
 - **Specialist consultancy; this area encompasses recruitment, legal and environmental issues primarily delivered by the private sector**

- **Enterprising Hartlepool**; a major small business networking group developed to underpin the incubation system, also providing peer mentoring.
- **Business Forum**; a programme of small business including “meet the buyer programmes”, “business safaris” and the annual Hartlepool Business awards programme
- **Informal economy**; following on from a pilot programme with One NE there is continued activity to help formalise businesses
- **Social Enterprise**; a range of HBC commissioned projects through WNF funding undertaken by the voluntary/community sector
- **Buy local campaign** promoting both business-to-business and retail opportunities. Also includes test retailing within Middleton Grange Shopping Centre for small businesses
- **Promotion of small business rates relief scheme**
- **Tall Ships**; supporting businesses and encourage new business start ups to benefit from the opportunities the Tall Ships event offers
- **Development of local procurement opportunities** including Building Schools for the Future.

3.14 Performance

Historically the town has seen relatively low small business formation, vat registration and vat stock however in more recent years the overall performance in this sector appears to be developing well, some of the key performance indicators are noted below.

3.15 Vat/PAYE stock

The new vat/PAYE statistics demonstrate excellent improvement in the stock of businesses within Hartlepool and the rate of improvement has been particularly noteworthy standing at 92% over the last 6 years. The improvement has been greater than that of all of the other Tees Valley local authorities, the North East and GB. The gap between GB and Hartlepool has narrowed from 27 to 14.

The table overleaf provides a more detailed analysis of the data.

Table 24 VAT/PAYE Births per 10,000 adult population (16 plus) 2002-2007

	2002	2003	2004	2005	2006	2007
Darlington	40	43	45	49	41	48
Hartlepool	25	29	31	36	39	48
Middlesbrough	29	31	27	29	29	41
Redcar & Cleveland	24	29	29	30	28	41
Stockton-on-Tees	34	36	39	36	33	49
Tees Valley	30	33	34	35	33	45
North East	33	36	37	37	34	43
Great Britain	52	56	59	57	52	62

Source: BERR

It should be noted that the figures in 2007 include a change to the way businesses are registered and thereby managed service companies which were previously counted once are now counted on the basis of the individuals self employed within the organisation. This change, however, makes only a relatively minor contribution to the overall trend.

4 Future Strategy

- 4.1** Although good progress has been made there is still a significant structural economic issue to overcome if Hartlepool is to continue to develop a long term sustainable economy. Continued investment is required both in physical infrastructure and the support network.

The following section seeks to set out the key future actions needed to support the local economy.

- **The delivery of a 20,000 sq ft extension to the UKSE Innovation Centre at Queens Meadow at a cost of £4.5m with £1.5m of Single Programme to start on site June 2010.**
- **The success to date may lead to difficulties in terms of the provision of “move on” space for those businesses which outgrow the start-up space on offer. Therefore it will be imperative to support phase 2 of the Rivergreen development at Queens Meadow.**
- **Funding to support the overarching assistance has been secured for 2009/10 and 2010/2011 As evidenced above, the majority of the funding has been in the form of Neighbourhood Renewal Fund and Working Neighbourhoods Fund, which is not sustainable in the long term.**
- **Part of the future strategy is to roll out the support given into the more deprived wards of the Town, where issues of worklessness and lack of aspiration are more prevalent. In addition to this the main voluntary /community groups have come together to look at**

developing partnership work in this area in relation to disadvantaged residents and enterprise.

- **Implementation of the Southern Business Zone and Central Areas Strategies incorporating infrastructure and support for start-up and indigenous business formation and growth.**
- **Identify additional business infrastructure requirement including the potential for a managed workspace in the Central Area linked to Teesside University and Hartlepool College of Further Education.**
- **Develop and deliver economic resilience support.**
- **Development of local shopping parade project to support businesses in deprived areas, supported through the Neighbourhood Forums.**
- **Retaining Graduates; Developing links with HE/FE establishments to develop enterprise and business start up opportunities.**

4.2 The following section covers some of the most recent developments and in particular strengthens the partnership and support framework.

4.2.1 Cleveland College of Art and Design

Hartlepool Borough Council's Economic Development Team has been working with Cleveland College of Art and Design across a number of projects:

- **Self Employment**

The College identified a number of issues facing many of their more mature textile students in terms of future career options. In addition this course has provided art work to the Enterprise Centre for display purposes and it is anticipated that they will be involved in the Market Hall project.

- **FdA TV & Film Production Course**

Students on the FdA TV & Film Production course at Cleveland College of Art and Design were commissioned to document the Hartlepool Business Awards. The project was executed as a live project, giving the students valuable and realistic experience that they may not have acquired from a standard college brief.

- **Photography**

Students on the College's Photography course have been challenged with producing images for an annual calendar produced by Hartlepool Borough Council. The aim of the project has been to give the students a real time brief, working with businesses across the Town and directly with a local marketing agency. The second edition has been completed. The student who produced the first "winning" image in the process of developing his own business, based within Hartlepool Enterprise Centre.

4.2.2 Middleton Grange Market Hall Project

Hartlepool Borough Council is leading a project to energise the main Indoor Market Hall within the Middleton Grange Shopping Centre. At the same time, the project will be an opportunity to focus on Self employment as a viable alternative career option.

- **Background**

The market hall has been suffering from a declining number of tenants over an extended period. This trend has advanced over recent months due to the current economic climate with over half the units currently empty.

- **Project**

The project forms part of Hartlepool's Buy Local campaign in that existing retail type businesses with no Town Centre presence will be able to "test trade" from the market without cost for a maximum 6 month period.

The aim of the scheme is to encourage them to consider remaining in situ at the end of the project and also to give a much needed boost to the market hall and the existing tenants.

- **Partnership**

The project has developed a partnership approach in dealing with the project and has a broad range of participants including Middleton Grange , Hartlepool College of Further Education , One North East, Enterprise UK , Catcote School and Cleveland College of Art and Design.

The project will benefit both new and existing tenants and space will be utilised by a variety of organisations providing a range of business and employment services.

5. RECOMMENDATIONS

- 5.1 That the Forum notes the report and raises comments/queries on Hartlepool's Business Incubation System.

6. CONTACT OFFICER

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