

	<b>Economic Development Partnership</b>
<b>Meeting 20 March 2006 3-5pm</b>	<b>Hackney Town Hall Room 103</b>
<b>Agenda</b>	

1. Welcome and apologies
2. Enterprise support
  - a) Update on existing activities and future directions
    - report attached
  - b) Understanding the emerging enterprise support landscape
    - presentation from Andrew Barnard, Project Manager, LDA
3. Update on mainstreaming of a Hackney enterprise network
  - report attached from LBH Neighbourhoods & Regeneration
4. EDP LAA Strategic Commissioning
  - verbal update from Jane Woolley
5. Notes of EDP meeting 1 February 2007
6. Any other business

## **Update on mainstreaming of a Hackney Enterprise Network**

### **Introduction**

This paper explains the background to the Hackney Enterprise Network (HEN) and sets out the process for how the Council proposes to continue funding HEN for the next five years.

### **Recommendation**

The Economic Development Partnership is asked to note that:

- NRF funding for HEN will come to an end in April 2007
- The Council will re-advertise the contract to deliver HEN in future years
- The Council will extend the existing HEN contract for six months to cover the procurement period

### **Background**

The Hackney Enterprise Network (HEN) was established by the Jobs and Economy Partnership in 2004 through a competitive tendering process advertised in the Official Journal of the European Union (OJEU). The Innovatory was the successful organisation to secure this contract.

HEN was commissioned to deliver a borough wide programme of networking and business support activities, and to deliver a range of services to small businesses. The objective of HEN was to improve business competitiveness and growth, with networking and supply chain development as its main focus.

The initial two year contract ended in March 2006 and was subsequently extended by one year to March 2007 with a further NRF grant. This funding will shortly come to an end and it has been confirmed that there will not be any further NRF.

### **Process for Mainstreaming**

The Council is committed to funding an enterprise network and it has identified a mainstream budget to ensure that this activity can be continued. In order to continue funding HEN, a new specification will need drafting and to be procured through an open competitive process. Given the likely financial value of the new contract over its life time, it will be necessary (as determined by the council's procurement rules) to re-advertise the contract through the Official Journal of the European Union (OJEU).

It is envisaged that it could take up to six months to complete a full OJEU procurement exercise, which would leave a gap in provision of HEN services. As such, the Council has agreed to extend the existing HEN contract for six months from 1 April 2007 to cover this period and ensure that the provision of services will be seamless for the small business community

### **Next Steps**

The Council will agree a delivery schedule and contract with the Innovatory for the period 1 April – 28 September 2007.

The Council will immediately begin the procurement process for the future delivery of HEN beyond 28 September 2007



## **ENTERPRISE SUPPORT IN HACKNEY: NEXT STEPS**

### **Introduction**

In late 2006 Team Hackney commissioned a review of nine enterprise support projects which have been granted NRF funding during the period April 2004 and March 2007.

The nine projects are:

- Core Arts Social Enterprise
- Creative Links
- E-biz Advice and Guidance
- Enterprising Hackney
- Four Corners (Film London) Skillsbase
- Hackney Means Business
- Hackney Enterprise Network
- Hackney Business Venture
- HSH CED Partnership

The brief for this work was that the review would be factual, rather than analytical, and would consider how the projects were positioned to contribute in the future to Hackney's worklessness floor targets and performance indicators for economic activity, and also identify what exit / continuation strategies the projects had identified for funding beyond March 2007, when the NRF contracts come to an end.

The reviews produced individual project reports, however the consultants also identified some key issues facing the business support sector in Hackney, and these are outlined below. These usefully set out some of the issues that the Economic Development Partnership may wish to consider in terms of relating the future enterprise support agenda for Hackney with wider regional and national developments.

### **Recommendations**

1. That members note the attached report.
2. That the LDA be invited in to speak about their investment programmes and the wider business support simplification agenda.

## KEY ISSUES

### ***Fit with Worklessness Floor Targets and LAA Indicators***

Without exception, all projects had been developed for ERDF funding applications, rather than for Hackney's neighbourhood renewal floor targets. Projects had not been developed to a specification which included workless floor targets, employment performance indicators and priority groups.

However, all projects did determine that they were contributing to floor targets, not by moving economically inactive people into economic activity, thus directly reducing worklessness, but indirectly, by providing support to the small business community for employment sustainability and growth. Overall, projects have been able to report job creation, but there is no reporting requirement to establish whether the jobs created moved Hackney residents out of worklessness. Similarly, none of the projects have been reporting outputs against the specific priority groups for employment outcomes, such as Incapacity Benefit (IB) claimants, lone parents or any of the BAME groups. Therefore, it is not possible to form an evidence based view of how these projects could contribute to performance indicators for specific groups. The exception is the Core Arts Social Enterprise project, which is focused uniquely on people in receipt of incapacity benefit due to mental health disorders: 48% of Hackney IB claimants have "mental and/or behavioural disorders" (*Hackney's LAA – Economic Development Context and Priorities (Draft 30/08/2006)*)

Enterprise support cannot be expected to generate substantial numbers of jobs for the workless population. Yet, to create a holistic and integrated response to worklessness and increase employment, enterprise support interventions should be considered in the strategic solution in order to sustain and improve the employment potential of Small and Medium Size Enterprises (SMEs), which, in Hackney, currently employ approximately 25% of the workforce (*Annual Business Inquiry 2002*).

An important consideration in using 'enterprise' interventions as part of a package of measures to improve deprived areas is to develop realistic economic impact outcomes alongside 'standard' outputs. Interventions should design in action research and evaluation processes which can measure 'distance travelled' by beneficiaries during and beyond the lifetime of the intervention to produce robust perspectives of success and good practice.

### ***Influencing Mainstream Services***

The Neighbourhood Renewal Unit defines 'mainstreaming' as reshaping services to reflect local needs. This can be done, for example, by removing organisational designs that prevent deprived neighbourhoods receiving an increased level of support, through more effective targeting of services or improving access. The focus of mainstreaming for neighbourhood renewal is to concentrate policy and to change mainstream spending patterns to target the most deprived areas, to join up services, programmes and targets through central government inter-departmental action and multi-agency delivery and to learn from good practice.

Set within these definitions, the projects have had little direct, evidence based influence on formal mainstream services. Most of the projects do target, although not exclusively, resident and business communities in the most deprived neighbourhoods of the borough, with a number referring to Hackney CVS as an access mechanism and/or being embedded in their local communities as important factors in outreach. None of the projects, however, analyse beneficiaries by postcode; a number did say that this could be done, if required.

There is an overriding emphasis in business support on 'customer focus': the Customer First quality accreditation held by a number of the projects, provides evidence of this emphasis. Clients receive the service which supports the business needs: in this way, projects do have a business model whereby services are re-shaped continuously to reflect need, which is important for success in 'hard to reach' areas/communities.

There was scant evidence across the projects of any coherent or consistent strategic rationale for funding, nor was there much evidence of any productive joined up working or linked services. The Four Corners (Film London) project had no knowledge of any of the other projects, although, since all have been ERDF funded, indirectly each project should each be aware of the others through the Hackney European Partnership.

Individual projects have their merits in terms of focus and the issues they are addressing, and most have reported performance in line with target. As a whole, however, the projects reveal a disjointed and ad hoc funding approach to enterprise support in Hackney. Funding for enterprise support could benefit from clear direction in a wider economic development context: this may come from the Local Area Agreement economic development priority outcomes. Hackney's LAA – Economic Development Context and Priorities (Draft 30/08/2006) identifies this: "start ups and businesses need to "navigate their way through the support on offer, rather than being presented with a 'cohesive offer'. The 'customer journey' is then by definition one of 'supply push' rather than being needs driven." At an operational level, the projects have overlapping activities (for example, the Innovatory and Wise Owls workshops), target markets (CIDA and Four Corners) and unclear outputs, which would make it difficult to assess value for money or real value added.

Across these enterprise projects, there is potential for joint working, for specialisms to emerge and for clear and straightforward access to be available for the customer. Yet, there is a definite feeling of competitiveness and a lack of trust and respect, particularly between the more generic projects, which seems to be prohibiting much joint working on delivery or service development.

There is no statutory provision of business support services in the UK, and 'mainstream' business support has tended to be defined over the last five to eight years within the London business support sector as the core, generic business support offer for SMEs funded under the Business Link brand. The specific targeting and delivery models developed by each project reflect general trends in business support by taking more account of community based access, sector and community empathy and real understanding of customer needs. They could not be said to be influencing 'mainstream' in any significant, strategic way. Once again, an exception is Core Arts, where the delivery model appears to be innovative for the market being served, and, in a different sense, Hackney Co-operative Developments, which was at the forefront of community enterprise and social enterprise for many years before the concepts became 'mainstreamed'.

The Hackney Enterprise Network has been acknowledged as good practice by The Learning Trust and was placed second in the 2005 Enterprising London awards, receiving a particular accolade for excellent practice in working in disadvantaged communities. The Innovatory's E-biz project has been selected for good practice dissemination through LNET and the delivery approaches taken by the Innovatory for the Hackney Means Business project were reflected in the five borough LEGI bid.

The largest single funder of business support in London is the LDA, which published its Business Support Review earlier this year and has recently restructured its approach to start up and micro business support with more emphasis on equalities and improved reach into the more deprived areas and communities. The new approach also emphasises a simplification of the offer to customers by combining a number of initiatives into a one programme - Business London - through five sub-regional consortia. In the East sub-region, Business London will invest approximately £2.5m between October 2006 and March 2009 to achieve about 800 new business start ups, 950 new jobs and support delivered to 4,000 businesses. Hackney's proportion of the East sub-region allocation reflects the borough's position on indices of deprivation and volumes of VAT registered businesses.

### ***Project Sustainability***

None of the eight projects is sustainable without continued funding, whether public or private sector, and at the time of interviewing intervention managers, none had secured funding beyond March 2007 to deliver the activities funded by Hackney NRF.

The most commonly mentioned sources of potential funding were the LDA Opportunities Fund, the five borough LEGI (no longer an option until the government announces a third round for LEGI), the borough of Hackney itself and the LDA's Olympic funding sources.



## **Economic Development Partnership**

### **Notes of Meeting 20 March 2007**

#### **Present**

Cllr Guy Nicholson (Chair), LBH Cabinet Lead for Regeneration and the 2012 Olympic & Paralympic Games  
Neil Barklem, Hackney Enterprise Network  
Andrew Barnard, London Development Agency  
Tania Fletcher, London Development Agency  
Sue Foster LBH Assistant Director Regeneration and Planning  
Derek Harvey, Jobcentre Plus  
Adam Hart, Hackney Community Empowerment Network  
Liam Kane, ELBA  
Sonia Khan, Hackney Community Empowerment Network  
Cathy Newton, Learning & Skills Council  
Hilary Potter, City Fringe Partnership  
Yvonne Servante, The Learning Trust  
Barbara Thorogood, Learning & Skills Council

#### **Apologies**

Ian Ashman, Hackney Community College  
Janet Bywater, Learning & Skills Council  
Fiona Fletcher-Smith, LBH Corporate Director Neighbourhoods and Regeneration

#### **In attendance**

David Hare (LBH Economic Development Team),  
Ian Lewis, Jane Woolley (Team Hackney)

#### **Welcome and apologies**

The Chair welcomed Hilary Potter, who has recently joined the Economic Development Partnership, representing the City Fringe Partnership.

#### **Enterprise Support**

Jane Woolley introduced a background paper outlining some findings from reviews of enterprise support interventions funded by Team Hackney in 2006/07. The paper suggested that the funding support for business was provided in a fragmented way that tended to encourage competition between providers, both for funds and for clients, rather than promote strategic partnership working – and thus a seamless service for clients.

At the last meeting, members discussed enterprise support. Members had agreed that worklessness remains the correct focus for the first year of the LAA and this is therefore not a commissioning priority. However members remain very keen to better understand how the enterprise support agenda is being taken forward by key agencies, including through the 5-borough Olympic initiatives including the LEFT and the City Strategy Pathfinder.

Andrew Barnard, Project Manager for the LDA, gave a presentation on the Agency's plans for enterprise support in 2007/08. He reported that overall, funding for enterprise support is decreasing, as a result of the overall reduction in funds to RDAs, but also reflecting the increasing focus on worklessness and workforce development. The LDA commences a new Business Link contract with Serco from 1 April 2007. The new Business Link service will provide an information and brokerage service rather than face-to-face expert advice.

Members agreed that there continues to be a need for more integration of funding streams, and expressed the hope that with the new ERDF programme being housed at the LDA, closer alignment between European and regional funds will be considered.

Members remain concerned that mainstream business funding appears more likely to be accessed by and geared towards the needs of medium enterprises, and not the very small-scale enterprises that make up the majority of Hackney businesses. The LDA noted that part of the Serco and ERDF work will be around supporting London's most deprived communities and developing initiatives that meet local needs.

Members agreed that there needs to be some short-term research to better understand how enterprise support could directly support delivery of the Hackney LAA employment targets, both through support for self employment through new business start-ups, and through expansion of training and employment opportunities with existing and potential new employers in the borough.

***Action: David Hare and Jane Woolley to scope a brief for research into the potential links between enterprise support and worklessness. Briefs to be circulated out of session.***

### **Update on the mainstreaming of a Hackney enterprise network**

David Hare spoke to the paper circulated to members. David reported that the former Jobs and Economy Partnership, a predecessor to the EDP, had identified the need for a Hackney enterprise network some years ago, and through a competitive tender exercise had contracted the Innovatory to provide this network co-ordination function. The local authority has now undertaken to mainstream support for this function, and will be undertaking a full competitive procurement process in line with the Council's procurement regulations. In the interim the existing contract with the Innovatory will be extended for six months pending completion of the new procurement process.



Members noted the report, and acknowledged the importance of mainstreaming existing NRF activity. Members suggested that there is likely to be some expertise among members that the authority could call on to develop the tender brief.

***Action: Sue Foster to convene a small working group to draft the tender specification.***

Members noted that while the procurement process is necessarily led by the local authority, it is very helpful for EDP to be kept informed of progress on issues such as this.

***Action: Sue Foster to circulate a paper outlining the process and timeframe, and to provide progress reports at future EDP meetings.***

### **LAA Strategic Commissioning**

Members agreed the ED commissioning priorities at the last EDP meeting. Jane Woolley gave an update on progress in developing commissioning specifications.

Members agreed that as they are completed, draft specifications should be circulated to members for comment out of session.

Jane noted that there is one LAA target that will be jointly commissioned with the Children and Young People Partnership, relating to 16-19 year olds not in education, employment or training (NEET). The CYPP has started work on this, and a draft specification will be brought to both CYPP and EDP.

Ian Lewis reported that the LAA has now been signed off by officers and is awaiting ministerial sign-off. He thanked EDP partners for the work they have put in to developing the economic development block of the LAA.

### **Notes of EDP meeting of 1 February 2007**

The notes were agreed as an accurate record of the meeting.

Members noted that the background paper developed by the EDP LAA Working group has been uploaded to the Team Hackney website. Jane Woolley reported that she has received several enquiries from local people about the paper.

There is one outstanding action, to bring a paper on the informal economy in Hackney to a future EDP meeting. Jane Woolley reported that the LDA is providing additional resources to the Partnership through the LBH Economic Development Unit, and it is intended to use these to fund a policy and research officer who will take this forward.

### **Dates of Future Meetings**

Members noted the following schedule of dates for 2007:

Tuesday 22 May 2007, 3-5pm

Tuesday 17 July 2007, 3-5pm

Tuesday 18 September 2007, 3-5pm

Tuesday 20 November 2007, 3-5pm