

MAIDSTONE BOROUGH COUNCIL

**ECONOMIC AND COMMERCIAL DEVELOPMENT OVERVIEW &
SCRUTINY COMMITTEE**

MONDAY 29 SEPTEMBER 2014

**REPORT OF DIRECTOR OF ENVIRONMENTAL AND SHARED
SERVICES**

Report prepared by Karen Franek

1. MAIDSTONE ENTERPRISE HUB

1.1 Issue for Consideration

1.1.1 To note the progress on establishing an Enterprise Hub in Maidstone and outline the current position and discuss the options being considered.

1.2 Background

1.3.1 There is a continuing need for a project to emphasise and action the Council's commitment to stimulating indigenous growth and job creation by increasing start up and survival rates, safeguarding existing jobs and helping improve the skills, innovation and competitiveness of businesses across the Borough.

1.3.2 To achieve this, the strategic need and demand for an Enterprise Hub has long been established being first included in the 2008 Economic Development Strategy.

1.3.3 This is reinforced strongly by evidence under pinning the emerging Economic Development Strategy 2012-2031 and new Local Plan: *The Health of the Maidstone Economy* points again to the impact of the recession having been particularly severe in Maidstone with business growth below the Kent and national averages. Business deaths have outnumbered business births between 2008 and 2011; with 2012 seeing a reversal of this trend.

1.3.4 It was not until 2013 that an opportunity to finance the hub project arose through Kent County Council's Flexible Workspaces Programme Fund which offered both loan and grant. A successful first-phase bid was made and as a result up to £700,000 match funding towards total

project costs of £1.4m was allocated in the Capital Programme following a report to Cabinet 18 December 2013. The bid was not followed through to final approval after KCC withdrew the grant element from the Programme.

1.3.5 Maidstone Council then looked at both financing the grant shortfall and proceeding with the KCC bid and funding the project in full through the Capital Loans Board: this process necessitated a review of the business plan by the new Commercial Projects Manager in line with the Council's tightened investment strategy. It was acknowledged there is a need for an Enterprise Hub, but the perceived level of risk was too significant due to high capital start up costs and potential ongoing revenue liability if the hub was not successful. It was agreed that the project should be underpinned by a freehold asset to mitigate risk. A bid was also made to the Heritage Lottery Fund but was unsuccessful as the building is not listed and English Heritage prioritised buildings with greater heritage value for the fund. It was therefore decided not to pursue the former Post Office site in King Street (leasehold) which had been the basis of both the KCC and Heritage Lottery bids

1.3.6 In the above context a report was subsequently presented to Corporate Leadership Team in July 2014 with short, medium and long term options for establishing an Enterprise Hub and how they could achieve borough-wide Economic Development outcomes The report evidenced and concluded that establishing an Enterprise Hub should remain the strategic goal, but there is no immediate prospect of achieving this because:

- No Maidstone or KCC asset was immediately suitable; would take at least two years to realise and/or could prove financially prohibitive to overcome development constraints, and
- No suitable freehold properties were available currently.

1.3.7 As a result officers are now looking into possible solutions including revisiting previous plans for an Enterprise Hub within the Council's own property portfolio. This work is being undertaken in tandem with the proposed strategy for future office accommodation as reported to Cabinet 13 August 2014.

1.3.8 It is planned to take a report to Cabinet before the end of the year with options for consideration.

1.3.5 In the meantime work is underway to:

- Redesign the *locateinmaidstone* website with a sectoral approach and enhanced emphasis on support for start-ups and indigenous business
- Implement the new Economic Development Business Relationship CRM

- Improve access to, and content of Start-Up on-line resources
- Complete mapping of rural businesses and their needs
- Implement an enhanced property search & matching module linked to both the new Business Relationship CRM and new website and capitalize on the income generating opportunities this affords
- Complete a comprehensive audit of all support and training currently available to Maidstone businesses to be incorporated into the new website as a searchable module, and
- Complete development of the skills support and training database that will be available on-line to Maidstone residents including an enhancement to provide for business-to-business and business-to-customer apprenticeship; work experience and skills matching module.