

MAIDSTONE BOROUGH COUNCIL

Economic and Commercial Development Overview & Scrutiny Committee

MINUTES OF THE MEETING HELD ON MONDAY 29 SEPTEMBER 2014

Present: Councillor Paterson (Chairman), and
Councillors Chittenden, Cuming, Harper, Mrs Hinder,
Hogg, Paine, Powell and Vizzard

34. THE COMMITTEE TO CONSIDER WHETHER ALL ITEMS ON THE AGENDA SHOULD BE WEBCAST

RESOLVED: That all items on the agenda be webcast.

35. APOLOGIES

Apologies were received from Councillors Butler and Fissenden.

36. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Paine was substituting for Councillor Butler and Councillor Chittenden was substituting for Councillor Fissenden.

37. NOTIFICATION OF VISITING MEMBERS

There were no visiting members.

38. DISCLOSURES BY MEMBERS AND OFFICERS

Councillor Paine disclosed that in the interests of transparency he had previously taken a cabinet member decision on the Enterprise Hub (Item 9 on the agenda) when he had previously served as the Cabinet Member for Planning, Transport and Development; but that this did not qualify as a disclosable interest.

39. TO CONSIDER WHETHER ANY ITEMS SHOULD BE TAKEN IN PRIVATE BECAUSE OF THE POSSIBLE DISCLOSURE OF EXEMPT INFORMATION

RESOLVED: That all items on the agenda be taken in public as proposed.

40. MINUTES OF THE MEETING HELD ON 29TH JULY 2014

RESOLVED: That the minutes of the meeting held on 29th July 2014 be approved as a correct record of the meeting and signed.

41. MINUTES OF THE MEETING HELD ON 26TH AUGUST 2014

RESOLVED: That the minutes of the meeting held on 26th August 2014 be approved as a correct record of the meeting and signed.

42. ENTERPRISE HUB

Karen Franek, Principal Economic Development Officer, presented her report on the Enterprise Hub. David Edwards, Director of Environment and Shared Services, was also present to answer questions in his role as project sponsor.

Miss Franek conveyed to the committee the need for an Enterprise Hub to support start up businesses in the borough. This had been identified previously; but had also been reinforced by the findings of research undertaken as part of the Economic Development Strategy.

Miss Franek outlined the history of the project so far:

- Last year, Kent County Council (KCC) established a fund for flexible workspaces in Kent.
- Maidstone Borough Council (MBC) made an application to this fund and was allocated £700,000. This was composed of a £200,000 grant and a £500,000 loan.
- A Cabinet Member decision was taken to match fund the project with £700,000 of MBC funds.
- Work began on a business case for the project, at the former Crown Post Office on King Street.
- However, before the final bid was submitted KCC withdrew the £200,000 grant funding due to austerity measures. This threatened the viability of the project.
- Following the shortfall, different options were explored by Corporate Leadership Team (CLT) on carrying the project forward. These included funding the shortfall and funding the whole project.
- It was decided that if the project were to go ahead, it was important that it was backed by an asset in case of failure.
- Development constraints, and the lack of availability of suitable freehold properties, meant that it would take at least 2 years for any asset to become available for setting up an Enterprise Hub.
- However it was recognised that the borough could not wait that long due to the desperate need for start-up business support, so currently the focus was on what current council assets could be used to get the project off the ground.

Mr Edwards explained to the committee that due to the recent developments in the project, he had become the project sponsor. This was because he was involved in the future office accommodation project, and due to the difficulties in finding a suitable freehold property there was a lot of crossover between these two projects. One of the ideas that was being considered was a smaller hub located at Maidstone House or the Gateway.

The committee thanked Miss Franek and Mr Edwards for their presentation and proceeded to ask them the following questions:

- Why, if there was such a need for start-up support, had the private sector not stepped in to provide it?
- Were there any plans to involve a partner organisation that is currently working in the sector (an example was given of Basepoint), to deliver the Enterprise Hub?
- What was the anticipated demand for the enterprise hub?
- What were the trends on business deaths?
- Was funding in place for all parts of the current report, or would new funds need to be found for this project?
- Were the Gateway and Maidstone House the only potential sites for the hub, or were other sites under council ownership under consideration too?
- Were there any plans to combine the investment for the Enterprise Hub with plans for regenerating the site around Maidstone East Railway Station?

The following answers were given to these questions:

- This project is unattractive to the private sector due to the low return on investment in the early stages and the need to provide intensive support that would be required.
- A partner organisation already working within the sector had been considered, however there were very few organisations that delivered the wrap around support needed for the project.
- There had been a 30% increase in people working from home nationally in Maidstone in the last ten years, following a national trend. There were 9,000 businesses working from home, with just over half (5,000) that were trading businesses. Kent Invicta Chamber of Commerce, the delivery partner for the project, have around 700-800 people per year approaching them for business advice under the Council's Service Level Agreement with them to deliver start up support. All these businesses would benefit from the support an Enterprise Hub would offer.
- The picture on business deaths was improving, but we can't rest on our laurels as businesses need support for the future.
- Funding had already been agreed for everything outlined in the report.
- All council assets and property had been considered, however the council's depot and museum were not seen as suitable. Using council land to build an Enterprise Hub would take at least two years.
- There were no current plans to combine investment in an Enterprise Hub with plans for regenerating the site around Maidstone East Railway Station.

The committee recognised that there was strong demand for an Enterprise Hub, and that the council could not wait for two years for a suitable site to become available. Therefore the following courses of action were seen as desirable:

- To begin with a smaller hub, possibly located at Maidstone House or the Gateway, in order to prove the success of the project and attract more funding;
- If it was not possible to find accommodation in current council assets, the possibility of a short term leasehold property should be considered.

RESOLVED: That

- 1) The Cabinet Member for Economic and Commercial Development be recommended to consider the Maidstone East site as a possible location for the Enterprise Hub, prior to the decision being taken, as this may help to encourage development in this area.
- 2) The Cabinet Member for Economic and Commercial Development be recommended to consider the following options:
 - a. starting off with a smaller scale Enterprise Hub located on council premises; and
 - b. a short term leasehold property for the Enterprise Hub;
 As the committee recognises the urgent need for such a facility to support business start-ups in the borough.
- 3) The Cabinet Member for Economic and Commercial Development bring the full Cabinet Member Decision to the Committee before the decision is taken.

43. FUTURE WORK PROGRAMME AND SCRAIP UPDATE

Sam Bailey, Research and Performance Officer, presented a report on the Committee's Future Work Programme and SCRAIP update.

Mr Bailey updated the committee on the Future Work Programme, which had changed since the agenda had been published. The following changes had been made:

- The Maidstone Culture and Leisure item and Museum Forward Plan item had been moved from the 29th September meeting to the 28th October meeting.
- The item on Skills and Employability in Maidstone had been moved from the 29th October meeting to the 25th November meeting.

Mr Bailey explained in further detail about the meeting scheduled for the 21st October:

- There would be two items on the agenda- one about employment sites in the local plan and the other will be the draft Economic Development Strategy.
- As it was a special meeting, no other items could be taken on the agenda.
- The meeting would be a simultaneous, co-located meeting with the Planning, Transport and Development Overview and Scrutiny Committee. What this would mean in practice was that there would be two notices of meetings, two agendas, two sets of minutes and two sets of recommendations for the meetings. There would only be

one chairman, and both reports would be available to both committees.

Mr Bailey informed the committee of progress being made on gathering evidence for the Twilight Economy Review:

- The Night Time Economy Forum was being held at the town hall prior to the meeting of 28th October 2014. The forum had indicated that it would be happy to take part in the review, and invited members of the Economic and Commercial Development OSC to sit in on their meeting. The forum also indicated they would be able to facilitate a guided tour around Maidstone's twilight economy prior to the next meeting, and that representatives from the forum would be available to attend the OSC meeting on 28th October to give evidence.
- Dawn Hudd indicated that she would be happy to arrange a trip to Canterbury for members to see Canterbury's work on the Twilight Economy. This was also a location that members suggested they would welcome a field trip to during the meeting of 26th August.

The committee requested that an item be scheduled on the South East Local Enterprise Partnership, as it could be a considerable source of funding for Economic Development projects.

44. DURATION OF MEETING

6:30pm to 7:52pm