

The Creation of a Business Executive Advisory Group [BEG] to support Bolsover District Council's [BDC] High Growth Strategy of Small and Medium Enterprises [SMEs]

Background

BDC continues to recover from the economic impact of the closure of its coalfields and associated industry and has overseen a successful strategy of preparing former coalfield sites for alternative industries. There is still much more to be done and a number of sites remain stubbornly in their closure state (e.g. Coalite) and as result of the BDC's proximity to the M1 BDC has so far predominantly attracted logistic and distribution industries. Although unemployment remains low in comparison to its' peers at [1.9%] GDP per capita remains stubbornly low due to the type of employment now dominant in the District. This is evidenced in recent research and report by the Low Pay Commission (Low Pay Commission 2014 Report), which highlighted Bolsover at 18.2% as the highest Local Authority area in England where jobs are paid at minimum wage.

The strategy, to date, of attracting large employers has been successful in attracting employment but also presents a potential consequence in attracting low paid employees, with the consequential effect of attracting lower paid jobs and lowering the average per capita GDP as well as making BDC sensitive to the concentration of employment with one employer. As we know lower paid available employees is a double edged sword and it must be an ambition to see an increasing GDP per employee within BDC.

The BDC High Growth Business Strategy is a strategic initiative to aggressively develop a business strategy that will encourage businesses to commence and grow businesses or to relocate to BDC. The initiative will progressively create greater diversity of employment and attract a more mixed base economical business structure in smaller and often more resilient employment groups working to reduce the dependency upon attracting employers who locate purely as a result of the availability of low paid employees. However, in the current business cycle BDC should still remain active in securing the location of larger employers (e.g. Cooperative Food Distribution on Junction 28) but look to create greater linkages within BDC with a growing number of SME businesses that the High Growth Strategy should create. BDC itself should look almost exclusively to trade within in its own district and create opportunity for its business base to support BDC.

In attracting new small and medium sized businesses to locate in BDC it will further encourage owners and employees of these businesses within which they work to live locally to the business and thereby create greater demand for mixed housing. Equally the interest in developing potential sites for housing within BDC brings a requirement as a part of that outcome to develop supporting facilities of schools, shops and most importantly places for people to work. Places of work will most likely come from SME enterprises.

Creating New Employment and the Need for External Expertise

The High Growth Strategy is clear in its aim to see a quantum increase of higher added value employment with BDC. The key strategic sites that we have in an abundance are in need of support and marketing to attract "the best business outcomes". Other than continued support from BDC in aggressively supporting developers in securing uses for these sites there is little more, as a third party, that BDC can do in achieving success. However we must be "ready for business" and deploy dedicated teams of officers and councillors to demonstrate positively and enthusiastically to any potential enquiry measured by the speed of response and ability to work expediently in dealing with all matters that will determine the development. As measured against our peers we must be able to

show we are "Best in Class" and potential applicants should tell us that is the case.

The area that we have the greatest opportunity to influence is the establishment and growth of new small and medium sized businesses [SME]. Within the BDC current estate we own a number of buildings to facilitate the establishment and location of SME businesses- in particular the Tangent Business Centre and the Pleasley Mill Complex. In addition we have given some consideration as to whether we should establish a loan fund as recently trailed by Newark and Sherwood Council to also provide additional funding in support of SME development.

It would be true to say that we have no coordinated strategy of how best to optimise the use of these premises or as importantly do not have in place a clear strategy to ensure the success of SMEs within BDC. Currently our strategy to date has been based on letting space by using an external property agent as the main marketing tool, to SME businesses in available letting space. SME's require much more in achieving sustainability and success than just available premises. They need mentoring, ongoing business advice and an easy, knowledgeable sympathetic ear to guide them through the early challenges of establishing a business.

One of our most recent commitments to the SME strategy is the Tangent Centre, opened August 2012, is 63% occupied. In addition there remains large amounts of low cost office space available at Pleasley Mills. Officers have recently considered the conversion of this office space at Pleasley Mills to cater for more industrial based activity due to the inability to let the space.

In order to ensure success in the growth of SMEs we need a more coordinated strategy that enables growth of small businesses and this cannot be achieved by isolated loan investment and letting of premises at arms length – we need to increase our activity and support that SMEs receive within a coordinated and cohesive strategy. We must recognise that we may not necessarily have the skill set to do this.

As an authority we have two choices of whether to develop the support and expertise in house or look for external support in achieving this. We have recently had a number of private discussions with the ex Chairman of the East Midlands Development Agency [emda]- Derek Mapp[DM]- who is well known to a number of Councillors in helping us to assess our options. DM was chairman of the North Notts and North Derbyshire Coalfields Strategy Group whilst Chairman of emda. He lives in Chesterfield and is a successful business man in his own right.

DM has an extensive knowledge of business and in particular the development of SMEs and he has agreed subject to approval from BDC to lead a group of business qualified individuals in the development of our SME strategy. The Group will be unremunerated and offer expert advice to BDC.

The Proposed Structure and Mandate of a Business Executive Group [BEG]

In developing the structure that would be most effective it is proposed that we form the BEG as an advisory body reporting to BDC. The BEG would initially consist of up to 6 experienced business executives, one of which will be DM who will be Chair. In addition one Senior Councillor [name?] and one Senior Officer [name?] will also be on the BEG and responsible as a conduit to BDC. The BEG will not be executive as all recommendations made by the BEG will be for BDC to approve and the BEG to undertake. It is however essential that BDC operates efficiently in its decision making in support of the BEG to avoid any likelihood of delays in the speed necessary to effect their recommendations.

In order to ensure greater purpose for the BEG to operate it is proposed that all of the BDC existing assets are assigned to the management of the BEG. This primarily means Pleasley Vale and the Tangent Business Centre. The BEG will be charged to optimise the outcome in use and income from these assets. Staff employed directly to work in these assets will be directed in future by the BEG.

Implicit in this plan is to see a long term sustainable SME strategy and to have an ability to grow the influence and success of the BEG by dedicating the income resource from the assets to be hypothecated specifically for future SME growth. It is also possible that BDC may consider additional funding to ensure SME growth as directed by the BEG but approved by BDC.

If BDC considers this to be an acceptable project the first work that needs to be undertaken, other than forming the group of business people, is for the BEG to produce a business plan to mirror the ambitions of BDC which will detail the intended use and ambition of the current assets and more generally illustrate the methodology and sustainability of a BDC sponsored SME plan. BDC should expect this within 3 months of the BEG being formed and BDC Officers will be required to contribute extensively to that exercise under the request of the BEG.

Approval Sought

1. BDC agrees to create a BEG.
2. The BEG should take management lead over the current dedicated assets and personnel directly involved whilst the properties remain in the ownership of BDC and the personnel remain employed by BDC.
3. BDC accepts and supports the principle of hypothecating the income from the assets to be reinvested in supporting the SME strategy as part of the BDC High Growth Strategy.

END