

Project Brief including Strategic Outline Case (SOC) – Barnet Business Support Hub

The main purpose of the Project Brief including Strategic Outline Case (SOC) is to make the case for change and establish the need for investment.

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1. Strategic Context

- 1.1 The business growth objective of the London Borough of Barnet, as agreed by Assets, Regeneration and Growth Committee on 15 December 2014, is that the council and its public sector partners will make Barnet the best place in London to be a small business. A key theme of the approach is facilitating business growth by ensuring that businesses are able to access the support they need to succeed and grow.
- 1.2 Assets, Regeneration and Growth Committee agreed on 30 November 2015 to start the scoping and development of a business hub in early 2016. This Strategic Outline Case forms part of this development.
- 1.3 As part of their commitments, Re undertook a feasibility study looking at different models for the provision of business support in 2014. This study recommended that a business support social enterprise be developed in order to support delivery of the business growth objectives of the borough. As a result, the council and public sector partners, Barnet and Southgate College, Middlesex University, Barnet Homes, and the Department for Work and Pensions (DWP), agreed to develop an approach to small business support that is independent of the council and identified as being a part of the local business community rather than a part of the public sector. This support will provide a central point of contact in Barnet for business engagement, mentoring, advice and networking.
- 1.4 A number of business support services in Barnet offer workspace and wider support programmes to start-up and small businesses including events, networking opportunities and business advice. The support offer outlined in this report would explicitly work with and support these existing offers:
 - The Wohl Enterprise Hub, Finchley Central, and The Barnet Enterprise Centre, North Finchley, are not-for-profit organisations offering work and meeting space, funding advice, training and support to businesses.
 - Middlesex University and Barnet and Southgate College also offer training, master classes and support to business owners and prospective entrepreneurs.
 - Regional business networks such as the North London Chamber of Commerce and London Federation of Small Businesses are active in the borough.
- 1.5 This existing business support offer provides an excellent foundation, but is also fragmented, being geographically concentrated in the East of the borough, resulting in an undersupply in other areas. The lack of a comprehensive business mentoring network targeted at high growth-potential businesses within Barnet represents a specific lack of provision in the current business support offer which the Barnet Business Hub will seek to address.

- 1.6 The Barnet Business Hub will act as the mechanism to address these gaps through activities including:
- Providing targeted business support for businesses with ambition and high growth potential.
 - Business-to-business mentoring from experienced business people
 - A digital portal for accessing and signposting to existing business support services and resources;
 - Facilitating the provision of appropriate and affordable workspace for small and micro businesses;
- 1.7 The proposed model for the Barnet Business Hub presents an important opportunity to deliver local business growth objectives, working with existing business networking organisations to support Barnet entrepreneurs, create employment opportunities and grow the local economy.
- 1.8 In December 2015, a funding call for the European Regional Development Fund (ERDF) was released, requesting bids for funding related to enhancing the competitiveness of small and medium-sized enterprises. The objectives for this call aligned directly to the agreed approach and so a bid for funding to develop a business support solution for Barnet was submitted. *If successful*, this funding would enable the project outlined below.

2. Rationale

- 1.1 Barnet's economy is characterised by a high level of entrepreneurial activity, with more registered businesses than any other outer London borough. The majority of businesses within the borough (93.2%) are micro businesses with fewer than nine employees (ONS, Inter Departmental Business Register, 2015). Entrepreneurial activity in Barnet is particularly high compared with other areas, with the highest level of registered businesses of any outer London borough. Despite this, the survival rate of businesses is one of the lowest in the capital; the one-year business survival rate is the lowest in Outer London at 91.6% (ONS Business Demography, 2014).
- 1.2 The **devolution of business rates from 2020** (at the latest), which constitute 12.5 per cent of the council's budget, will be impacted by the current economic figures for businesses within Barnet. In the context of business rates devolution it is important that the council has a credible, targeted and evidence-based approach to small business support and growth as there will be a stronger link between the success of local businesses and the financial health of local public services.
- 1.3 Given these issues, the council is proposing to establish a social enterprise "Barnet Business Hub", coordinating and augmenting the existing disparate business support services in the borough. The outcome will be the provision of a comprehensive offer to local SMEs which includes professional

mentoring, master classes, networking opportunities and access to space for working and meeting. The Business Hub, which will not be a 'Council-run' service but instead an independent organisation that is identified as being a part of the local business community, will take an evidence based approach to targeting activity at businesses and entrepreneurs that data tells us are statistically most likely to grow and create employment opportunities and new economic activity. Activity will be targeted at Barnet start-ups and businesses in sectors with high failure rates, with the aim of increasing the borough's business survival rate and business satisfaction.

- 1.4 Research into best practice in business support activities and enterprise centres in other local authorities, both directly delivered by the public sector or managed independently, has informed the development of the model. As an independent social enterprise, the Business Hub will have access to wider funding opportunities and greater flexibility in income generation to enable sustainability than an in-house model (overall the social enterprise will be not-for-profit). The proposed model will ensure the Business Hub is sustainable, transferable and scalable to other areas which are in many cases scaling back their business support activity in the face of continued pressure on public sector budgets.
- 1.5 Examples of other business hub models that have been researched and have informed the Barnet approach are: London Small Business Centre, Harrow in Business, Westminster Enterprise Centre, Barking Enterprise Centre, Enterprise Enfield, Portobello Business Centre, HBV Enterprise, Birmingham City Council's Business Development Centre, among others.
- 1.6 Ensuring entrepreneurs have access to the support they need to start well, grow and sustain their businesses is a key objective of the Barnet Business Hub. By coordinating and building upon existing business support networks in the borough, the Business Hub will provide a comprehensive and joined up support offer to the borough's extensive and dynamic business community. Offering targeted support for start-up businesses and SMEs with high potential to grow, the Business Hub seeks to address the causes of the high rate of business failure in Barnet, creating increased employment opportunities and supporting economic growth.
- 1.7 The research has highlighted the positive effect business support networks such as targeted mentoring, can provide in the outcomes relating to the growth and survival of business. Evidence has shown that business advice had a positive impact on at least one business outcome in 17 out of 23 evaluations, and that a 'managed brokerage' approach may perform better than light touch delivery models. (What Works Centre for Local Economic Growth)

Network

Benefit Type	Description of the benefit	Who will benefit	Expected benefit value	Financial year that the benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Non-financial benefit (Sustainability)	Increase in the one-year business survival rate	Small businesses		Earliest likely affects minimum 18 months after project go live; most likely benefits to be seen 2+ years.	Commissioning Lead – Entrepreneurial Barnet, Growth and Development	Annual ONS survival rate data	91.6% in 2014
Non-financial benefit (Sustainability)	Increase in the two-year business survival rate	Small businesses		Earliest likely affects minimum 18 months after project go live; most likely benefits to be seen 2+ years	Commissioning Lead – Entrepreneurial Barnet, Growth and Development	Annual ONS survival rate data	69.8% in 2014
Non-financial benefit (Sustainability)	Increase in the ranking of Barnet's one year survival rate against other comparable boroughs	Small businesses		Earliest likely affects minimum 18 months after project go live; most likely benefits to be seen 2+ years	Commissioning Lead – Entrepreneurial Barnet, Growth and Development	Annual ONS data	Last when compared to outer-London boroughs 30 th when compared to all London boroughs.
Non-financial benefit (Sustainability)	Number of new enterprises supported	Small businesses	190 (over three years)	Benefits to start to be realised in first quarter after project go live and to increase over the	Commissioning Lead – Entrepreneurial Barnet, Growth and Development	Details of new enterprises supported will be maintained by the project	Currently, the project offerings do not exist within the Authority; therefore, the

				life of the project as the service embeds into the community		itself.	current baseline is 0.
Non-financial benefit (Sustainability)	Number of enterprises receiving support	Small businesses	800 (over three years)	Benefits to start to be realised in first quarter after project go live and to increase over the life of the project as the service embeds into the community	Commissioning Lead – Entrepreneurial Barnet, Growth and Development	Details of enterprises assisted will be maintained by the project itself.	Currently, the project offerings do not exist within the Authority; therefore, the current baseline is 0.
Non-financial benefit (Sustainability)	Employment increase in supported enterprises	Small businesses	79 (over three years)	Benefits to start to be realised in second quarter after project go live and to increase over the life of the project as the service embeds into the community	Commissioning Lead – Entrepreneurial Barnet, Growth and Development	Details of employment increase in supported enterprises will be maintained by the project itself.	Currently, the project offerings do not exist within the Authority; therefore, the current baseline is 0.
Non-financial benefit (Sustainability)	Number of potential entrepreneurs assisted to be enterprise ready	Small businesses	420 (over three years)	Benefits to start to be realised in second quarter after project go live and to increase over the life of the project as the service embeds into the community	Commissioning Lead – Entrepreneurial Barnet, Growth and Development	Details of potential entrepreneurs assisted to be enterprise ready will be maintained by the project itself.	Currently, the project offerings do not exist within the Authority; therefore, the current baseline is 0.

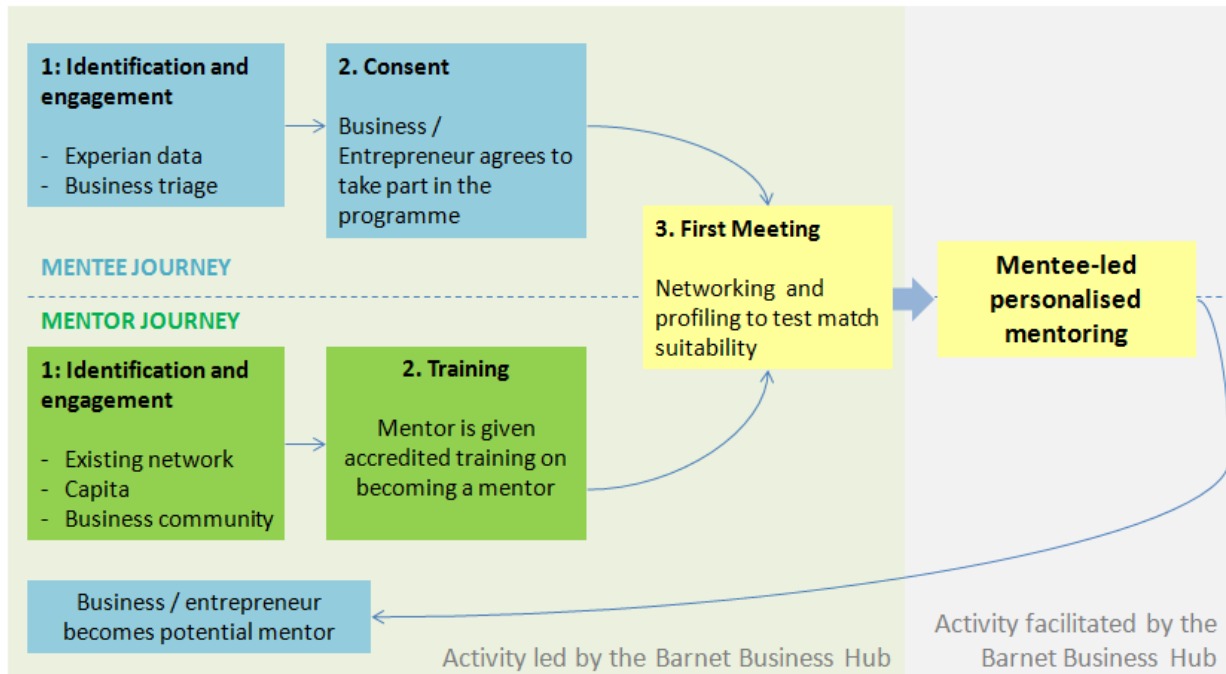
<p>Non-financial benefit (Sustainability)</p>	<p>Number of enterprises receiving information, diagnostic and brokerage support</p>	<p>Small businesses</p>	<p>760 (over three years)</p>	<p>Benefits to start to be realised in first quarter after project go live and to increase over the life of the project as the service embeds into the community</p>	<p>Commissioning Lead – Entrepreneurial Barnet, Growth and Development</p>	<p>Details of enterprises receiving information, diagnostic and brokerage support directly will be maintained by the project itself.</p> <p>Additionally, once digital support is live, hit rates of website will measure signposting effectiveness.</p>	<p>Currently, the project offerings do not exist within the Authority; therefore, the current baseline is 0.</p>
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3. Project Definition

- 1.8 The objective of the Barnet Business Hub (BBH) will be to create an independent, financially sustainable, evidence-based business support network, that is recognised as being part of the business community by local businesses, to address the high business death rate of Barnet businesses. BBH brings together under one banner the fragmented business support services across the borough, increasing awareness and access to provision, addressing provision gaps and market failure, providing evidence based targeted mentoring to businesses with high growth potential, and creating a digital networking and support platform.
- 1.9 The deliverables for the project fall under five key strands and are outlined below:
1. **Creation of a new borough-wide business-to-business mentoring programme;**
 2. **Facilitation of the provision of appropriate and affordable workspace for small and micro businesses;**
 3. **Creation of a new collaborative network for business support network;**
 4. **Creation of a digital portal for accessing and signposting to existing business support services and resources;**
 5. **Creation of a self-funding, sustainable business support hub.**
- 1.10 The **creation of a network** of business support services will bring together multiple sites such as existing business support provision and stand-alone physical business hubs under a single banner. This collaborative network will then be supported to provide tailored business support networks. Within this deliverable, the project will develop an overarching entity and brand identity, separate from the Council, in order to draw together the disjointed and disparate support services within the area. By doing this, the project will increase the awareness of and access to existing services. Additionally, the project will identify gaps in the provision of support for new businesses and where valuable, add to or tailor this offer.
- 1.11 The business hub project will create a new borough-wide **business mentoring programme**, initially targeting 'pre-gazelle' businesses. This mentoring programme will provide evidence based, targeted interventions for start up businesses with high-growth potential. The Council, along with CSG, have worked to purchase a data set from Experian which identifies 'pre-gazelle businesses', that is, those businesses within the borough with key indicators of high growth potential. These businesses will be the initial targets of the mentoring programme. The mentors will be focussed on supporting the mentee over time by growing turnover, staff numbers and space requirements of the business. The emphasis of the mentoring programme will also be on 'giving back' as the capabilities and experience of the mentee increase. In this

way, the programme will be designed to develop its own mentors and create a sustainable initiative. An outline of this journey is shown below.

Pre-gazelle Business Mentoring Customer Journey



- 1.12 The business hub aims to work with partners to leverage their strengths and mitigate the weaknesses within the business support offerings in the borough, and will work with partners to provide business masterclasses, training and workshops. Throughout the support offer, a 'business triage' service will be offered, where the feasibility and performance of a start-up is assessed and appropriate guidance and advice provided as a result.
- 1.13 In **creating a digital portal**, the business hub will provide online space for further collaboration and support for budding entrepreneurs, new start-ups, business in their formative years and SMEs. The hub will develop a new website which will act as a one-stop shop for business support, linking in with and promoting other services such as the London LEP Growth Hub as well as providing a signposting service designed not to duplicate content but draw together information in one central digital space. It will also seek to leverage existing professional networks such as LinkedIn, allowing Barnet entrepreneurs and SMEs to connect with one another, providing B2B support and services.
- 1.14 There is evidence of undersupply in the market based upon permitted development data provided by the Planning Policy team. In January 2016, permitted development conversions resulted in over 30,000m² of office space converted into residential use, resulting in a loss of potential workspace within the borough. Within the funding bid, this project will investigate opportunities

for the provision of additional workspace for small and micro businesses. This would involve mapping spaces already available and space that could be made available by partners of the business hub. The lack of space in the borough has been identified as an area of concern for small businesses and one of the major barriers to growth for a start up business.

- 1.15 Finally, the ERDF funded project will create a **self-funding, sustainable business support hub that is independent of the Council and itself recognised as a part of the local business community**. One of the key objectives of this project will be to create a legacy business which will continue the work of business support without the need for additional funding by the Council. The ERDF funding will provide an initial 3 year period for the business hub to embed itself within the community and engage the business community.
- 1.16 Whilst the aim of the project is to create a legacy which is ongoing and self-sustainable, the initial timescale for the project will be 3 years. Re anticipates that enabling works would commence during 2016 which will include the development of detailed bid as the Full Business Case is developed, with a formal launch in January 2017. The project will commence upon the receipt of ERDF funding, as the conditions of the ERDF fund requires a maximum 3 year timescale. Current projections place the start date of the project in January 2017, with the recruitment of the team to occur in the last three months of 2016.
- 1.17 The project budget is dependent upon successfully securing ERDF funding. The conditions of the bid for funding required a minimum £1m project with £500,000 of match funding (from Infrastructure Reserve) to be provided by the Council.

4. Project Approach

- 1.18 The stages of the project and proposed project management approach are in line with the corporate project management toolkit, however additional work will be integrated with the second round bidding process for ERDF funding. Following the approval of this Strategic Outline Case, work will be undertaken to assess the project and outcome viability and justify the progression into delivery. Concurrently to this process, the development of a full business case for the European Regional Development Fund will occur. In both cases, the benefits of the project will be clearly articulated.
- 1.19 It is anticipated that there will be several key phases within the project, in line with the Council's project management guidance: concept, assessment, delivery and closure.
- 1.20 **Concept**
- 1.21 This Strategic Outline Case provides the rationale behind the project and the initial development that has been completed, as well as the proposed model for the business support hub. Following this Outline Case, the project will establish the key documentation (Full Business Case) required to progress the project. Additionally, an outline bid plan will be developed for round two of the bidding process, to ensure that the correct resources are in place to support the development of the second round bid.
- 1.22 **Assessment**
- 1.23 Assuming the Initial Outline bid for ERDF funding is successful, the Outline Business Case and the second round bid for ERDF funding will be developed concurrently in mid 2016. During this phase, assessments of the project will continue to take place. It is proposed that these include further demand assessments, as well as continued review of business support models utilised in other boroughs.
- 1.24 As the business case is refined, and assuming that the final bid for funding is successful, a full business case will be produced and delivery resources will be recruited in late 2016, for an expected project go-live date of 2017.
- 1.25 **Delivery**
- 1.26 The project itself will be delivered by Re Ltd on behalf of the Council together with support from partner organisations Middlesex University and Barnet and Southgate College. The reporting requirements of ERDF funding are resource intensive however these will be supported by the Council's Project

Management approach, including the provision of highlight reports and appropriate gateway reviews and milestone approvals.

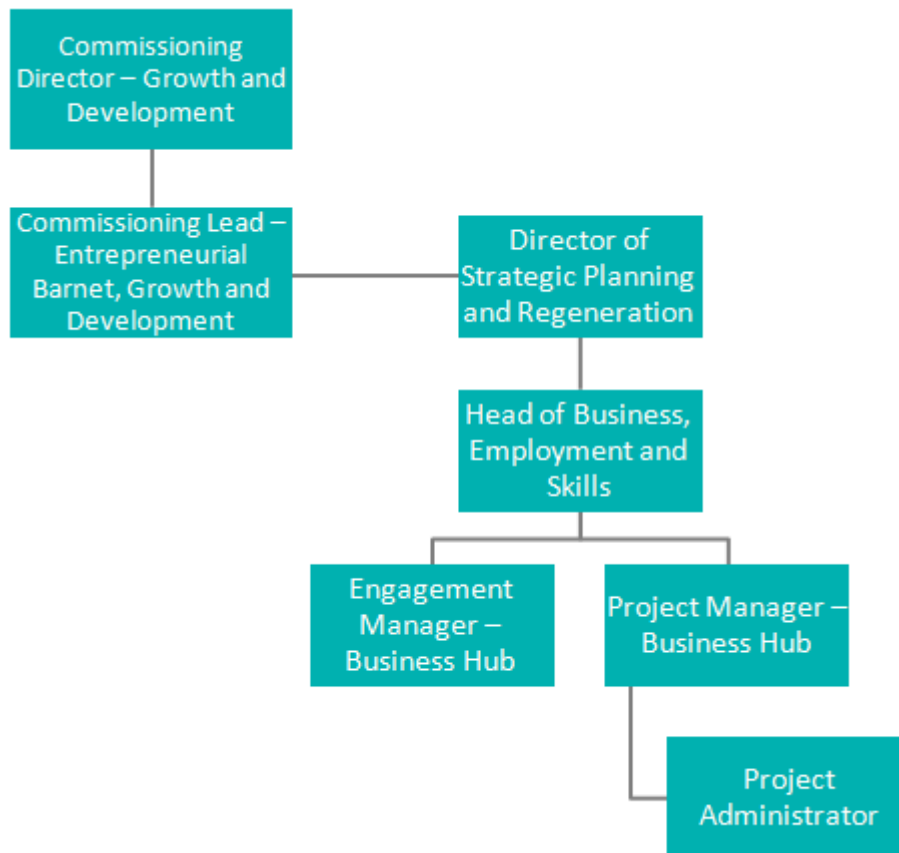
- 1.27 Outlined below is an overview of some of the key milestones in the delivery of the project (subject to securing ERDF funding):

Milestone	Start Date	Completion Date
Web site development /site up and running	Month 3 (March 2017)	Month 09 (ongoing)
Commencement of Pilot mentoring scheme	Month 9 (September 2017)	Month 12 (December 2017)
Establish mentoring scheme	Month 14 (February 2018)	Month 20 (August 2018)
Set up of independent and financially sustainable social enterprise	Month 30 (June 2019)	Month 36 (December 2019)

1.28 Closure

- 1.29 Project closure is anticipated to occur after the final payment has been received from ERDF funding, 36 months after project go live. At this time, a closedown and lessons learnt report will be created.
- 1.30 The core project team structure and project board structure is outlined below.

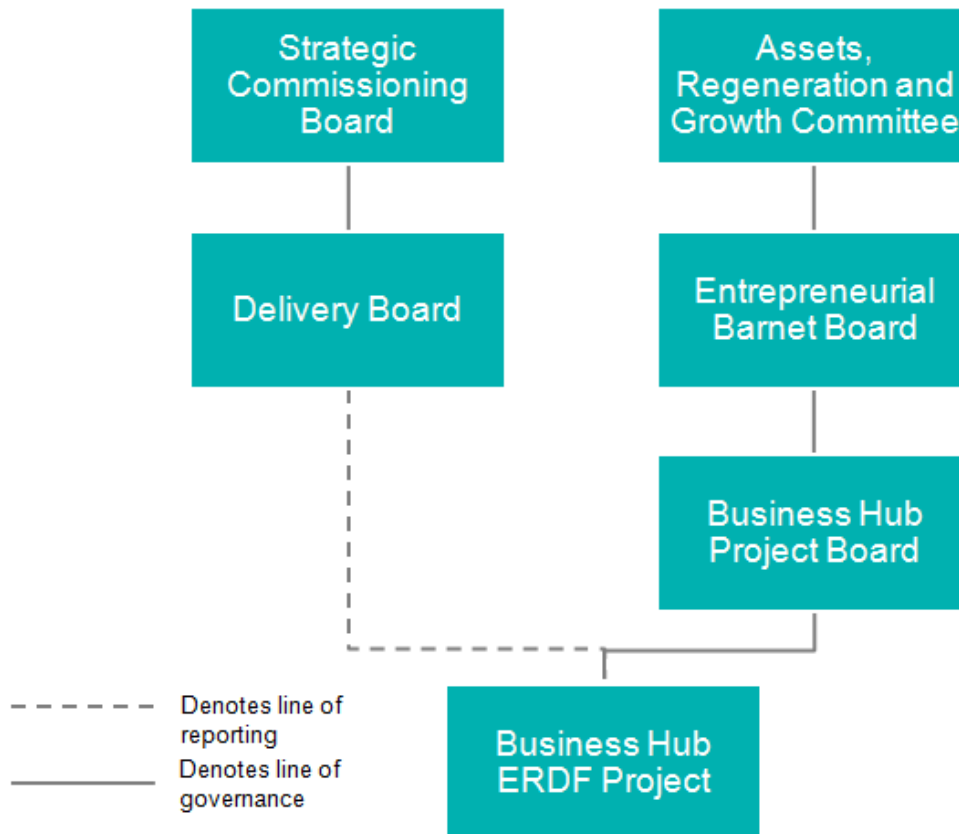
Figure 1: Project Team Structure



- 1.31 Whilst Re will deliver the programme, the oversight of the programme will be held by the London Borough of Barnet’s Entrepreneurial Barnet Board. An additional project board (Barnet Business Hub Project Board) will be set up in order to govern the specific ERDF project in line with the London Borough of Barnet’s programme requirements, and this project board will report to Entrepreneurial Barnet Board. The Entrepreneurial Barnet Board in turn reports to the Assets, Regeneration and Growth Committee for the London Borough of Barnet, and is the proposed governance route for the project.
- 1.32 In addition, the programme will be reported through a corporate governance route and monitored along with other projects currently in delivery. A monthly highlight report will be updated and provided to the Delivery Board and then the Strategic Commissioning Board (already in existence), ensuring that controls exist at the highest level of the London Borough of Barnet. Feedback or queries received from the Strategic Commissioning Board will be reported to the Barnet Business Hub Project Board directly. Any escalation of these queries or feedback that requires a formal decision will then be sent to the Entrepreneurial Barnet Board for decision, thus ensuring that both reporting and governance lines of control for the project are interlinked.

1.33 A diagram of the proposed project management controls is below.

Figure 2: Project Board Structure



6. Financial Appraisal

- 1.34 The financial appraisal is predicated upon successfully securing funding through the European Regional Development Fund call. This would provide £500,000 towards the project from the ERDF, with match funding of £500,000 required from the London Borough of Barnet (Infrastructure Reserve) and its delivery partners.
- 1.35 If the bid for funding is not successful, the project will need to be fundamentally reviewed in terms of the scope of the project as well as potential timescales and resource investment.
- 1.36 If the project does not go ahead, there is no further downside risk to the performance of the London Borough of Barnet in terms of survival rates of SMEs, which is currently the lowest in the outer London boroughs and third lowest in all of London. However, the upcoming devolution of business rates will result in an increased importance of the growth of businesses within the borough in relation to income received by the Council. Moving ahead with the project could therefore result in a positive impact to the project.

7. Risks

- 1.37 At this stage, there are several key risks identified to the project.
- 1.38 **If the project is not taken forward**, the likely outcome is that the current direction of travel for Barnet's performance in relation to small businesses will stay the same. The London Borough of Barnet is currently the worst performing outer London borough for the survival rate of SMEs and the 3rd highest business death rate in London as a whole. If business survival and growth rates are not improved, there will be direct consequences to the Council following the devolution of business rates. This devolution will link the performance of businesses within the Council to the income that the Council receives. As such, the business hub project is a way to help manage this risk.
- 1.39 **The outcome of the bid for ERDF funding** remains one of the key risks to the current project proposal. This funding would result in an income stream of £1m over three years to be allocated to the project. If the outcome is unsuccessful, the project must be fundamentally re-evaluated in terms of scope and timescales, and Re will work with officers of the Council to revise the proposal and bring forward an amended proposal to the Assets, Regeneration and Growth board. Currently, all possible mitigations have been taken and the outline bid has been submitted. As such, this risk is rated 'tolerate' and we await the outline bid decision. The outcome of the bid submission will be communicated through appropriate escalation levels when it is received

- 1.40 **A potential lack of willingness from external business support organisations to buy into the overarching business support brand** forms a risk to the long-term success of the project. This risk is rated as ‘treat’, and actions to mitigate the risk have been identified. Key stakeholder management in the concept stages of the project will mitigate this risk, and early conversations with external business support organisations indicates that these enterprises are in favour of stronger ties between organisations and with the Council. A stakeholder management plan will be fully developed as part of the ongoing project.
- 1.41 **Assuming the ERDF bid for funding is successful**, the establishment of the project must manage the risk related to legacy sustainability, i.e. how to ensure that the project is sustainable after the funding has ceased. There are two aspects to managing this risk: a) ensuring that the costs incurred through the project are managed as closely as possible and, where able, the project creates discreet initiatives that can be closed out prior to the end of the funding period to minimise cost for the legacy initiative; and b) where possible, the commercial viability of any initiative is maximised by ongoing commercial assessments. This could include, for example, identifying areas of support that are reasonable to charge fees for the provision of service and then using any generated surplus to offset areas of intervention when there are market failures. This risk must be treated on an ongoing basis.

8. Dependencies and Relationships

- 1.42 Currently, the key dependency of the project is the outcome from the ERDF bid for funding. This is an external dependency which must be accounted for but which cannot be managed.
- 1.43 As the project progresses, a dependency log will be used to track all dependencies throughout the project lifecycle and key dependencies will be noted on the project plan.

9. Approach to Equalities

- 1.44 The project team will take a proportionate approach to equalities. An EIA was undertaken as part of the development of the Entrepreneurial Barnet approach which informs the development of the business hub. A full EIA for the business hub will be incorporated at the Full Business Case stage. The project team recognise that the duty is a continuing one and will incorporate appropriate assessments into the ongoing project.

Document Control

Record the information relevant to this document in this section

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Document History

If the document has been altered or amended please track the versions and changes in this section

Date	Version	Reason for change	Changes made by
26/02/2016	1	Original version. No change.	Katie Randall
29/02/2016	2	Comments and suggestions from Luke Ward.	Katie Randall
29/02/2016	3	Amendments based upon comments and suggestions from LW.	Katie Randall
29/02/2016	4	Amendments based upon comments and suggestions from Bruce Crowther	Katie Randall
29/02/2016	5	Final version for submission to clearance.	Katie Randall
29/02/2016	6	Amended to include document control and overarching timeline.	Katie Randall

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Name	Role	Date
Bruce Crowther	Director of Strategic Planning and Regeneration	29/02/2016
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Benedicta Russell		29/02/2016

Approvals:

By signing this document, the signatories below are confirming that they have fully reviewed the Project Brief including Strategic Outline Case (SOC) for the Barnet Business Support Hub project and confirm their acceptance of the completed document.

Name	Role	Signature	Date	Version
Bruce	Director of			

Filename: Strategic Outline Case – Barnet Business Support Hub
Date: 26 February 2016
Version: 0.1
Reference:

Crowther	Strategic Planning and Regeneration			

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