

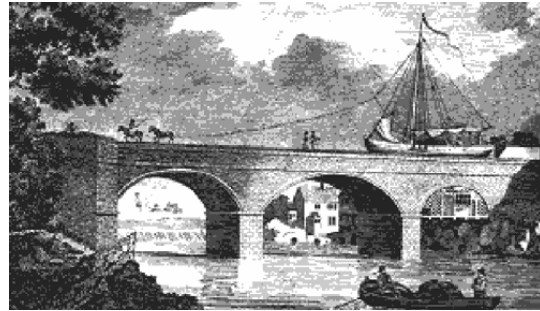
**Connections, Connectivity and Communications: Enterprise Strategy and Action Plan
for Halton**

Executive Summary December 2006

Inside Front Cover

Economic transformation is nothing new for Halton. The Borough has played a crucial role in two previous enterprise based industrial revolutions and is well placed to realise the potential of a third such transformation. In both previous revolutions, connections and connectivity played a key role in the Borough's economic successes.

The construction of the canal link between Stretford and Runcorn in 1772 was a key stage in the development of the Bridgewater canal which eventually linked – through Runcorn – much of the East and West Midlands of England with Manchester, the rest of the North and ultimately, through Liverpool, the sea. This physical connection created wealth, jobs and prosperity for a community, which stretched far beyond the Borough.



A similar pattern can be seen during the second industrial revolution at the end of the nineteenth and early twentieth century. Physical connections were equally important to the creators of the chemicals industry. The existence of the world's first rail-canal-dock complex was a major factor in persuading John Brunner and Ludwig Mond to locate their operations in Widnes.

Bleaching Powder Packing ICI, Runcorn

Today, during the third Industrial Revolution, the connection and connectivity assets have changed form but are no less important. The Heath Business and Technical Park offers a range of flexible packages to support enterprise and has a particular expertise and strength in supporting science and technology based companies. At Daresbury Science and Innovation Campus, world-class scientific developments range from basic research into the building blocks of nature through to advanced research into new materials. These facilities location, in a region boasting research universities in Manchester and Liverpool is only one aspect of the areas connection advantage. The existence of these highly advanced capabilities merely highlight the wider connection and connectivity assets of the Borough and bring out the importance of driving the enterprise strategy forward through a focused strategy.

1. Context

1.1 The **Community Strategy for A Sustainable Halton** sets out the steps that need to be taken to bring about real improvements that will change lives for the better. The vision for Halton is -

Halton will be a thriving and vibrant Borough, where people can learn and develop their skills, enjoy a good quality of life with good health; a high quality, modern, urban environment with opportunity for all to fulfil their potential; greater wealth and equality; sustained be a thriving business community; and within safer, stronger and more attractive neighbourhoods.

1.2 The LSP has developed Halton's Community Strategy 2006-2011, which is structured around 5 priorities:

- A Healthy Halton
- Halton's Urban Renewal
- Halton's Children & Young People
- **Employment, Learning & Skills**
- A Safer Halton

1.3 This updated enterprise strategy for Halton was commissioned by the Employment, Learning and Skills Specialist Strategic Partnership (SSP), which is part of Halton Local Strategic Partnership (LSP), and it sits alongside the other commissioned complementary strategies for Workforce & Skills, and Employment.

1.4 The overall aim of the Employment, Learning & Skills (ELS) SSP, is set out within the Community Strategy:

"To create an economically prosperous Borough that encourages investment, entrepreneurship, enterprise and business growth, and improves the education, skills and workforce so they can share in all the opportunities Halton affords".

1.5 The Community Strategy improvement targets for the ELS SSP that relate to this enterprise strategy are as follows:

By 2011, we aim to:

<i>Enterprise</i>	Increase the rate of self employment by 20%
<i>Growth</i>	Increase the number of VAT registrations by 15%

1.6 Furthermore, Halton's Local Area Agreement (LAA) sets out a clear vision of making changes across many issues that will make a big difference to life in Halton. The LAA is a 3 year agreement between the LSP, Halton Borough Council and central government and sets out the priorities for Halton. This Enterprise Strategy and Action Plan will be an integral element of the work required to fulfil the LAA.

2. The Enterprise Base

2.1 The data on start-ups and business ownership suggest that Halton is at the lower end of the spectrum for Merseyside and nationally for both start-ups and the existing business stock. The enterprise deficit in Halton is especially noticeable in terms of Barclays start-up figures, which consistently place Halton at the bottom of the start-up league tables for Merseyside.

Authority	(2005)		2005 on 2004
	000s	rate per 10,000 people of working age	
England & Wales	388.3	12	-13%
North West	45.4	11	-13%
St. Helens	0.7	7	-20%
Halton	0.6	8	0%
Liverpool	2.2	8	-15%
Wigan	1.5	8	-5%
Wirral	1.7	9	-5%
Knowsley	1.0	11	-10%
Sefton	1.9	11	-15%
Warrington	1.3	11	-25%
Cheshire	4.6	11	-15%

2.2 VAT Registrations are the government's preferred measure of start up as it includes all firms turning over more than £61,000.00.

VAT registrations 2005 rate per 10,000 of the population

		Merseyside Metropolitan	24
ENGLAND	39	County	
North West	32	Sefton	25
Warrington UA	37	Wirral	22
Liverpool	27	St. Helens	19
Halton UA	27	Knowsley	18

2.3 In terms of trends, Halton has seen a steady growth in the stock of VAT registered business

Year	Number of Businesses								
	Registrations			Deregistrations			Stock		
	Halton	NW	GB	Halton	NW	GB	Halton	NW	GB
1997	230	17,700	178,735	180	15,600	143,120	1,880	161,155	1,611,205
1998	210	17,545	178,460	170	15,570	142,960	1,920	163,125	1,646,705
1999	195	16,875	173,250	160	15,360	147,275	1,960	164,645	1,672,685
2000	210	17,155	175,450	175	15,855	152,760	1,990	165,945	1,695,375
2001	195	16,485	166,465	155	15,500	152,935	2,030	166,925	1,708,910
2002	205	17,385	173,330	175	16,220	159,625	2,060	168,095	1,722,615
2003	280	19,005	187,375	175	15,955	162,340	2,165	171,145	1,747,650
2004	255	18,080	179,580	200	15,650	159,805	2,225	173,575	1,767,430
2005	250	17,500	173,595	170	14,265	148,940	2,305	176,805	1,792,080

Source: vat registrations/deregistrations by industry

2.4 Within the sub region only Knowsley has a smaller stock of VAT registered businesses.

Vat Registrations 2005				
	Registrations	Deregistrations	Stock at start 2006	Net change
Halton	250	170	2,305	80
Knowsley	215	160	1,875	60
Liverpool	985	765	8,275	225
Sefton	565	450	5,535	115
St Helens	265	230	3,125	40
Wirral	565	470	5,540	95

If the Halton stock of VAT registered businesses was at the same business density as the North West there would be an additional 722 companies in the Borough, (1,353 if the England density was achieved). All these additional companies would provide jobs for local people and strengthen the local economy.

2.5 It has been suggested that Halton is unusual in the number of relatively large firms compared to the overall pattern in Merseyside, but this is not born out by the figures from the Merseyside Economic Review. This indicated that with 1.8 per cent of its firms employing more than 100 people, it is similar to Knowsley (2.4%) and Liverpool (1.6%), significantly higher than either the overall picture for Merseyside (1.3%) or the North West (1.2%).

Distribution of Business by Size Band (Employees)								
	0 – 4	5 – 9	10 – 19	20 – 49	50 – 99	100 – 249	250 +	Total
Knowsley	67.3	13.9	9.4	5.2	1.8	1.5	0.9	100
Liverpool	68.9	15.2	8.3	4.3	1.6	0.8	0.8	100
St. Helens	68.2	15.7	8.1	5.4	1.3	0.9	0.5	100
Sefton	72.8	15.2	6.6	3.5	1.2	0.6	0.2	100
Wirral	72.5	14.7	6.9	4.1	1	0.6	0.2	100
Halton	65.7	15.7	8.8	5.6	2.5	1	0.8	100
Merseyside	70	15.1	7.7	4.4	1.4	0.8	0.5	100
North West	73	13.9	6.7	3.9	1.2	0.7	0.5	100

2.6 In terms of self-employment, the table below demonstrates that Halton has significantly under performed against regional and national benchmarks.

Date	All people				Males				Females			
	Halton	Halton (%)	NW (%)	GB (%)	Halton	Halton (%)	NW (%)	GB (%)	Halton	Halton (%)	NW (%)	GB (%)
Mar 03-Feb 04	4,000	5.3	8.0	9.0	3,200	8.6	11.7	13.0	800	2.0	4.0	4.8
Jan 04-Dec 04	4,100	5.4	7.8	9.0	3,000	7.8	11.4	13.0	1,100	2.9	4.0	4.8
Apr 04-Mar 05	4,100	5.4	7.9	9.1	3,200	8.3	11.4	13.1	900	2.5	4.1	4.8
Oct 04-Sep 05	4,000	5.3	7.8	9.2	3,200	8.3	11.4	13.2	800	2.2	4.0	4.9
Jan 05-Dec 05	4,200	5.7	7.9	9.2	3,400	9.2	11.6	13.2	700	2.0	3.9	5.0
Apr 05-Mar 06	4,300	5.7	8.0	9.2	3,500	9.1	11.6	13.2	800	2.2	4.2	5.0

Source: annual population survey

Note: numbers are for those aged 16 and over, % are for those of working age (16-59/64)

2.7 The 2005 Global Entrepreneurship Monitor (GEM) study included a special analysis of data for Merseyside that raised issues about the local pre-disposition towards enterprise.

- **The pre-condition to start a business;** There is overwhelming evidence that those with direct experience of small business e.g. through members of immediate family, are far more likely to start and succeed at new firm formation.
- **The pre-disposition to start a business;** It embraces all those people who aspire at some level to start or own their own business.

2.8 Although GEM did not include Halton some results may be applicable. Across Merseyside, for example, only 21 per cent responded positively to knowing an entrepreneur “personally” against a national average of 31 per cent. But 41 per cent believed there were good start-up opportunities against a national average of 40 per cent. While 52 per cent believe they have the skills to start a business against a national average of 57 per cent. Together they probably explain why the fear of failure is the same as the national average at 31 per cent. Most dramatically, just over 4 per cent of people “expect to start a business within the next three years” against a national average of 9.5 per cent.

2.9 Halton’s weaknesses are evident within a weak enterprise base. The Northern Way Report points out that - *successful regional economies are driven by high rates of entrepreneurship. Today, the three northern regions have the fewest firms per capita in England. To match the national per capita average, the North would need to create or attract over 93,000 more VAT registered firms. The overall stock of firms in the North is growing but at only 22% of the national rate. In order to meet our goal of increasing the total number of businesses in the North, we aim to increase the rate of **new business start-ups** from 30 per 10,000 people (2002 rate) to 33 per 10,000 people by 2008.*”

2.10 It is against this economic background and the challenges set by the Northern Way that Halton must develop its response.

3. Vision for Enterprise

3.1 That across Halton, “anybody with talent, potential and drive to succeed in business should have the opportunity and necessary support to do so, regardless of their background or where they live”

Core Propositions

1. That Halton places the creation and embedding of a true enterprise culture across the Borough at the heart of its economic, education, social and development policies.
2. That Halton builds its enterprise strategy around the three interlinked concepts of connections, connectivity and communication.
3. That the enterprise strategy looks forward confidently to the future by recognising the remarkable achievements of the people of the area in shaping the world in which we live

The Goals to the Strategy

To drive enterprise in the Borough forward by building around these core propositions an array of policies, programmes and mechanisms are designed to deliver:

- i An understanding of the importance of enterprise for the individual and the community
- ii Sharp increases in new business formation (including social enterprises)
- iii A larger stock of businesses
- iv A local culture which sees enterprise and entrepreneurship as vital components not only for a strong economy but as the keys to a healthy community.

Achieving these goals will assist those people in Halton who have the potential to be successful entrepreneurs in Halton to be successful here, while attracting other current and potential entrepreneurs to achieve their ambitions here.

3.2 Three Cs shape the vision of an enterprise strategy for Halton.

- **Connections** mean that the distinct features of the Borough's physical location in one of the country's main economic hubs are placed at the heart of the enterprise strategy.
- **Connectivity** involves employing the Borough's progress to date in information and communications technology as a platform to establish an outstanding business, customer and community offer.
- **Communication** addresses not only the ways in which the strategy is communicated but the entire process of engagement with different interests and stakeholders. Communication as defined here is a two way process, defined as much by listening as speaking.

Location, Location, Location

Halton has excellent communication and location advantages. Analysis highlights excellent rail, road and air links available to local businesses. Runcorn Station provides high-speed access to the Midlands and Greater London of the type normally associated with major City Centres like Manchester and Liverpool. Access to the motorway network is excellent and both Manchester International and Liverpool John Lennon airports are only a 30-minute drive time.

Connectivity

The development of the Digital Economy has taken issues of electronic connectivity to new levels and new communities. Halton has already geared itself up to deliver some of these benefits. Halton Lea and Widnes Libraries, for example, already provide access to some of the best information services in the region with the latest on-line databases, European & business information in stylish and well-integrated facilities. With facilities at Daresbury and the Heath in addition to the many companies that use ICT as integral to their operations and the wide spread ICT infrastructure that already exists, this 'ICT Edge' is at the centre of the Borough's enterprise strategy

3.3 The Building Blocks of Enterprise; Money, Premises, Markets and People

Money - Documents that were reviewed in the preparation of this strategy placed considerable emphasis on access to finance for new or growing companies. In Halton, it is strongly recommend that the Borough encourages as far as possible the creation of a vibrant community of financial intermediaries locally.

Elsewhere on Merseyside, the Merseyside Special Investment Fund (MSIF) operates. MSIF was specifically developed to fill a gap in the finance market in Merseyside – but can only operate at this time in the Objective One area. It is strongly recommended that the Borough initiate a major initiative to explore the scope for an initiative in Venture Capital, Business Angel, Micro or Community Finance.

Premises - To make best advantage of its locational assets Halton must have a good portfolio of sites and premises. The Heath Business and Technical Park and the Daresbury Science and Innovation Campus have few if any rivals in the region. It is recommend that the Heath expansion plans be advanced as soon as possible and that the development of the Daresbury Science and Innovation Campus be given full support.

Halton also faces some challenges that are common across the Region and Sub-Region. There is an extensive business infrastructure with 15 industrial areas, but much of this

relates to the industrial past and it is necessary to ask the question as to how well the existing stock, and the new stock in the pipeline will serve the needs of future entrepreneurs. There is;

- A clear need to invest in some of the older stock
- Little appreciation of accessibility to facilities for local residents
- A clear lack of real incubation space with the vast majority of units being managed as part of a general portfolio

The challenge is to meet the needs for: small, easy in easy out premises, offices, workshops for creative businesses and more retail space. There is a clear need for a focused and flexible premises strategy designed to appeal not only to these growing and mobile companies, but to other under-supplied groups. The most noticeable of the latter are micro-businesses.

Markets - Market access is a recurrent challenge for new and growing businesses. The challenge for public bodies in supporting local enterprise is providing appropriate skill development, access to public sector markets and, increasingly, ensuring that the local £ circulates as often as possible. There is growing awareness among policy makers and researchers that retaining spend by local citizens and agencies “locally” can deliver a host of benefits. The most immediately relevant work in the UK has been undertaken by Northumberland County Council in collaboration with the New Economic Foundation (NEF). They found that every **£1 spent with a local supplier is worth £1.76 to the local economy, and only 36 pence if it is spent out of the area**. That makes £1 spent locally worth almost 400 per cent more.

As such, there is a strong case for an affirmative purchasing programme, initially to ensure that local firms have access to public sector purchasing, but extending beyond this other significant local purchasers.

People - Entrepreneurs themselves are often classified in terms;

- **Classic Entrepreneurs** are those traditionally owner-managers who run one business. This may have several locations but it is still one company
- **Serial Entrepreneurs** buy or create a business, run it, improve it, sell it on and then move on to another business
- **Portfolio Entrepreneurs** juggle several businesses at the same time
- **Necessity Entrepreneurship** is a feature of those people who believe they have no better choices for work and start or run their businesses out of necessity
- **Opportunity Entrepreneurship** is shown by people who identify a business opportunity and take advantage of it, either independently or from paid employment. Typically, they would choose entrepreneurship over paid employment.

A dynamic and healthy local economy sees all these forms of enterprise, but opportunity based serial or portfolio entrepreneurship creates the largest number of jobs and greatest wealth. In a series of studies, portfolio entrepreneurs were found to produce between 47 and 69 per cent of new jobs with serial entrepreneurs the next most productive. Some studies have identified a fourth sub-group “novice entrepreneurs” with no prior experience of business ownership. These, typically, have the highest failure rates and the lowest job creation. As such a focus on Opportunity Entrepreneurs, who are either serial or portfolio entrepreneurs, is recommended.

3.4 Social Economy

The social economy has emerged nationally over recent years as an increasingly powerful force for social and economic change. Halton already has several strong and well-established social enterprises but there is scope for more, particularly given the government drive to purchase services from the sector. It is therefore recommended that the Borough initiate a programme to support the creation of social ventures, including the provision of quality training and management development. This could involve much closer working with the Merseyside Social Enterprise Initiative (MSEI).

3.5 Support for Enterprise

Within Halton there is an array of agencies and organisations offering support. Collaboration between key partners is vital to long-term success and the Halton Economic Forum could provide a platform for further development of the partnership to meet the identified needs of businesses. There is a clear need for an integrated, unified but flexible approach from Halton Borough Council, Chamber, Business Link and Learning and Skills Council.

3.6 Education

Enterprise and entrepreneurship should be introduced as early as possible to the school curriculum to be built and reinforced as young people travel from primary education, through secondary, to higher education and into the job market. Halton Education Business Partnership has a strong track record in supporting the enterprise enthusiasm of young people through mentoring, teaching and networking. It is now time to mainstream this approach and to build on the existing foundations with new programmes such as Enterprise Olympics, Alchemy Club, Enterprise Cafés and Enterprise Academy.

In the longer term, development of Halton College into a hub for innovation and enterprise is essential. The Building Schools for the Future programme offers distinctive opportunities for the mainstreaming with real potential for Enterprise Hatcheries.

3.7 Informal Economy

Evidence from the Merseyside Entrepreneurship Commission suggests that a significant number of informal businesses – upwards of 50% - aspire to join the mainstream economy. Helping just 10% to achieve this would make a significant contribution to growing enterprise in the Borough.

3.8 Enterprising Communities

There is a clear need to target areas of the borough in support of the Employment Strategy. In addition, the research makes it clear that more attention needs to be targeted at key groups to ensure they can access the enterprise opportunities that exist.

- Silver Entrepreneurs
- Youth
- Women
- Black and Minority Ethnic Groups.

4. Targets and Actions

4.1 In order to close the enterprise gap with the region and country, and to achieve the targets of the community strategy, the following targets have been identified –

- Achieving best rates in Merseyside. Using Barclays Bank data on start-ups move to 36 per 10,000 of working age and using VAT Registrations move to 32 start-ups per 10,000 by end 2010.
- Within this, target 12 VAT registrations by women per 10,000 of the working age population by 2008.
- For self-employment, match the highest self-employment rates on Merseyside by 2008. This means achieving 16 per 10,000.
- Increasing by 50% the number of social enterprises in the Borough.

4.2 The following table sets out the key actions that should be pursued in seeking to achieve the above targets. The Employment Learning and Skills SSP must now oversee the implementation of this plan but the drive should come from the Enterprise Partnership. Monitoring will, to a certain extent, be problematical as many of the indicators are only measured annually. As such, it will need to monitor partner activity more locally to ensure actions are taking place.

Action	Summary	Lead
Enterprise Partnership	Private sector lead partnership to drive implementation of the strategy	HBC
Enterprise Champion	Leadership through appointment of Enterprise Champion	Enterprise Partnership
Culture change programme	Affirm Halton's role as the cradle of three entrepreneurial & scientific revolutions Raise awareness of existing and previous Halton Entrepreneurs Develop powerful Enterprising Halton branding Enterprise Weeks	Enterprise Partnership
Enterprise in Education	Launch Enterprise Game and develop further versions including on-line. Education Programme from Primary Schools to Higher Education Entrepreneurs in Residence Enterprise Academy	Education Business Partnership
Neighbourhood Programme	Clear focus on local neighbourhoods through enterprise facilitation and dragons den type activity	HBC
Mobile entrepreneurs	Action to seek out and attract mobile entrepreneurs such as graduates. Again, potential linkage to dragons den type activity	HBC
Enterprise Mentors	Identify local entrepreneurs that will act as mentors for new businesses	Enterprise Partnership
Skill development	Support in developing leadership, management, finance and business skills	Learning and Skills Council
LEGI	Develop and submit a best practice LEGI Bid to secure funding for the strategy	Enterprise Partnership
The Heath	Advance the expansion of the Heath. Planning permission for 180,000 sq ft has already been secured	SOG
Daresbury Science & Innovation Campus	Facilitate the development of the full campus and build on Higher Education Links especially the 3 Universities	CCLRC
Halton College	Use Halton College as hub for innovation and enterprise, possibly using the St. Helens College Technology Campus model.	Halton College
Rainbow strategy	Target communities such as; Silver Entrepreneurs, Women, young entrepreneurs, Black and Ethnic Minorities.	Enterprise Partnership
Informal economy	Support businesses in the informal economy to mainstream	Enterprise Partnership
Progressive property	Develop a flexible portfolio from micro sites and Hard Work Cafes to larger scale sites and premises	HBC
Social Enterprise Initiative	Support the growth of social enterprises through advice, guidance and training.	Enterprise Partnership
Purchasing Programme	Affirmative purchasing programme, initially to ensure that local firms have access to public sector purchasing, but extending beyond this other significant local purchasers.	HBC

Industrial and Entrepreneurial Heritage Park	Explore the opportunity of establishing an Industrial and Entrepreneurial Heritage Park based on the catalyst centre	HBC/Catalyst Centre
Enterprise Fairs	Establish a programme of buyers and ideas fairs, with the former particularly involving public agencies procurement teams	Enterprise Partnership
Enterprise Funding	Support the development of local financial intermediaries and explore the scope for venture capital and business angel finance.	Enterprise Partnership
Hot 100	Identify businesses with the potential of fastest growth and develop tailored made support packages.	Enterprise Partnership