

## **Introduction**

This report shows the progress of the Croydon Enterprise Programme during the second financial quarter (Q2) of Year 3 (2008/09).

The format of this report has been changed in line with comments from the Advisory Board which should ensure that the report is more concise and focussed.

The detailed project summary has been collated and will be published as a separate document.

This report contains the following:

**1.0 Progress on Programme Milestones**

**2.0 Financial Report**

**3.0 Performance Summary**

**3.1 Outcomes**

**3.2 Outputs**

**3.3 Recommendations**

**4.0 Programme Risk Register**

## 1.0 Programme Milestones

The following table summarises the progress against key programme activity for 2008/09:

Activity	Q1	Q2	Q3	Q4	
<b>Milestone Forecast</b>					<b>Milestone Actual</b>
• Croydon Enterprise Advisory Board Meetings	★	★	★	★	✓
• Delivery Strategy 08/11 complete and agreed	★				✓
• Delivery Plan 08/09 complete and agreed		★			✓
• Equalities Impact Assessment complete		★			This has been postponed to ensure that it is aligned with project commissioning 09-11. Revised deadline for Q3
• Review Risk Management System		★			✓
• Review of grant agreement		★			✓
• Launch Toolkit		★			✓ This is ongoing
• Extranet review		★			✓ This is ongoing
• Hold quarterly theme sub group meetings	★	★	★	★	Incomplete
• Submit quarterly sub group report to Advisory Board	★	★	★	★	Incomplete
• Complete LAA delivery plans		★			✓ These have been submitted but are subject to final amendment
• Agree LAA three year national targets			★		Awaiting baseline data from central government. Revised deadline for Q3
• Complete LAA returns		★		★	✓ Quarterly performance report submitted
• Complete Phase 2 of independent evaluation of projects			★		
• Complete quarterly monitoring	★	★	★	★	✓
• Complete and publish Entrepreneurs handbook	★				✓
• Complete and publish CE Annual Report 2007/08		★			✓
• Promotional presence at the Croydon Festival		★			✓
• Work with delivery partners to deliver enterprise week			★		
• Produce quarterly publication of magazine, targeted press and national media	★	★	★	★	✓ 7th edition of CE magazine, local press advert and national press feature published

## 2.0 Financial Report

Croydon Enterprise has been allocated £40.3 million over five years. The total budget for 08/09 is £8.61 million, which includes £315,029 carried forward from 07/08.

The table below shows forecast and actual spends for Q2 08/09:

	Forecast Quarter 2	Actual Quarter 2	Total Spend 08/09	Variance 08/09
<b>Revenue</b>	1,463,094	1,622,230	2,653,147	- 63,589
<b>Capital</b>	199,691	213,586	406,452	7,865
<b>Total</b>	1,662,785	1,835,816	3,059,599	- 55,724

The table below indicates actual spend according to theme. A breakdown of spend across individual projects can be found in the Detailed Project Summary which is available on the Croydon Enterprise website.

	Allocated Funding 08/09	Forecast year to date	Actual year to date	Variance 08/09
Theme 1 - Potential Entrepreneurs	1,136,954	513,470	653,052	139,582
Theme 2 - Business Creation and Business Growth	2,684,103	1,362,779	1,174,732	- 188,047
Theme 3 – Business Environment	1,476,830	529,277	564,052	34,775
Theme 4 – Business Premises	2,637,000	405,342	388,578	- 16,764
Programme Support	630,334	304,455	279,185	- 25,270
<b>TOTAL</b>	<b>8,565,222</b>	<b>3,115,323</b>	<b>3,059,599</b>	- 55,724

- Actual spend for quarter 2 is £1,835,816 and the programme has secured match funding of £389,842 for this quarter, bringing the total to £476,174.
- Total programme underspend is £55,724. Project delivery plans were re-profiled in quarter 2 and budgets reduced. This has resulted in a reduction in underspend of over £100,000 by quarter 2.
- Although underspend across the programme has reduced, there are significant variances across themes and individual projects. In quarter 3, Programme Managers will continue to work with projects to review and re-profile budgets, ensuring that forecasts remain realistic.
- Any funding released from projects will revert to the programmes central pool and will be re-allocated to new or existing projects in line with priorities.

### 3.0 Performance Summary

#### 3.1 Outcomes

The Programme's activities contribute to a range of Local Area Agreement targets and we are now reporting quarterly performance against these targets as well as programme targets, which will provide an indication of outcomes for the programme.

Individual projects have been allocated relevant targets as part of developing and agreeing their delivery plans for 2008/09. Delivery partners are now required to report quarterly against these targets to show how their activities/outputs are contributing to achieving programme outcomes and this will help ensure that service delivery is more outcome focussed.

Table 1 shows quarterly performance against the following:

- LAA national targets for LEGI areas NI171 and NI172. These are borough wide targets which will be monitored centrally by government. Croydon's performance for 2008/09 will not be available until after March 2009, however we are tracking individual projects' performance against these indicators.
- LAA local targets LT1-3
- Programme targets 1-8

**Table 1**

Code	2008-2009 INDICATORS	Quarter 1 Targets	Quarter 1 Actuals	Quarter 2 Targets	Quarter 2 Actuals	Quarter 3 Targets	Quarter 3 Actuals	Quarter 4 Targets	Quarter 4 Actuals	Total to Date	Variance to Date
NT171	Number of VAT registrations	Performance data available after March 2009									
NT172	Number of VAT registered businesses demonstrating growth	Performance data available after March 2009									
LT1 (GoL ref L5)	Number of businesses starting as a result of Croydon Enterprise support (broken down by target group)	62	19	124	107	187		250		107	-17
LT2 (GoL ref L6)	Number of businesses assisted by Croydon Enterprise demonstrating growth	New indicator - baseline being established 2008/9	29	N/A	76	N/A		N/A		76	
LT3 (GoL ref L7)	Number of clients from key target groups (a) entering employment and training and the (b) number jobs created as a	269	274	538	799	807		1076		799	261
PT1	Number of existing businesses assisted by Croydon Enterprise	625	434	1250	1177	1875		2500		1177	-73
PT2	Number of clients from key target groups participating in the programme	N/A	1429	N/A	2380	N/A		N/A		2380	
	<i>Women</i>	50%	51%	50%	42%	50%		50%		42%	-8%
	<i>BME</i>	45%	66%	45%	37%	45%		45%		37%	-8%
	<i>Young People(16-24)</i>	11%	4%	11%	13%	11%		11%		13%	2%
	<i>Young People - NEET(16-18)</i>	8%	2%	8%	3%	8%		8%		3%	-5%
	<i>People with Disabilities</i>	10%	5%	10%	15%	10%		10%		15%	5%
	<i>50+</i>	10%	11%	10%	10%	10%		10%		10%	0%
	<i>Lone Parents</i>	10%	37%	10%	22%	10%		10%		22%	12%
	<i>People on long term benefits (incapacity benefits)</i>	2%	1%	2%	5%	2%		2%		5%	3%
PT3	Number of businesses relocating to Croydon	5	7	10	21	15		20		21	11
PT4	Net increase in business stock in district centres	13	4	25	15	38		50		15	-10
PT5	Increase the level of resident satisfaction with district centres	Baseline data to be collected during 2008/9									
PT6	Reduce acquisitive crime - crimes per 1000 population	22.55	5.35	22.55	5.81	22.55		22.55		5.81	-16.74
PT7	Number of successful early interventions to prevent Anti-Social Behaviour	19	15	39	33	59		79		33	-6
PT8	Number of young people not in employment, education and training	N/A	0	7.2%	10.4%	7.2%		7.2%		10.4%	3.2%

Explanatory note:

Quarterly targets and actual figures specified in the table are cumulative across the year.

PT6-8 are also LAA targets which the programme does not own but makes a contribution to, these are secondary outcomes.

### 3.2 Key Outputs

Table 2 provides quarterly performance against key outputs for the programme. These outputs provide examples of key activities being delivery to produce overall programme outcomes.

**Table 2**

<b>Key outputs</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total 08/09</b>
• Number of people considering going into business (contacted via outreach or contacting via the hotline or website)	860	1080			1940
• Number of outreach events held	9	17			26
• Number of calls to hotline	648	931			1579
• Number of pre-start workshops	26	20			46
• Number of participants at pre-start workshops	195	182			377
• Number of start up workshops	23	18			41
• Number of participants at start up workshops	240	73			313
• Number of business growth workshops	10	14			24
• Number of participants at business growth workshops	137	75			212
• Number of VCOs attending events	60	33			93
• Number of clients receiving Test Trading Grants		82			82
• Number of loans issued	21	11			32
• Fast track assistance offered to business applications	39	35			74
• Number of applications granted for vacant units	7	4			11
• Number of clients accessing the Property Brokerage Service	32	31			63
• Number of shops benefiting from target hardening under Shop Safe	34	27			61

### 3.3 Analysis and Recommendations

This section looks at performance against key outcomes for the programme, provides a brief analysis of current performance compared to previous quarters and makes recommendations for future action.

#### 3.3.1 Outreach and pre-start workshops

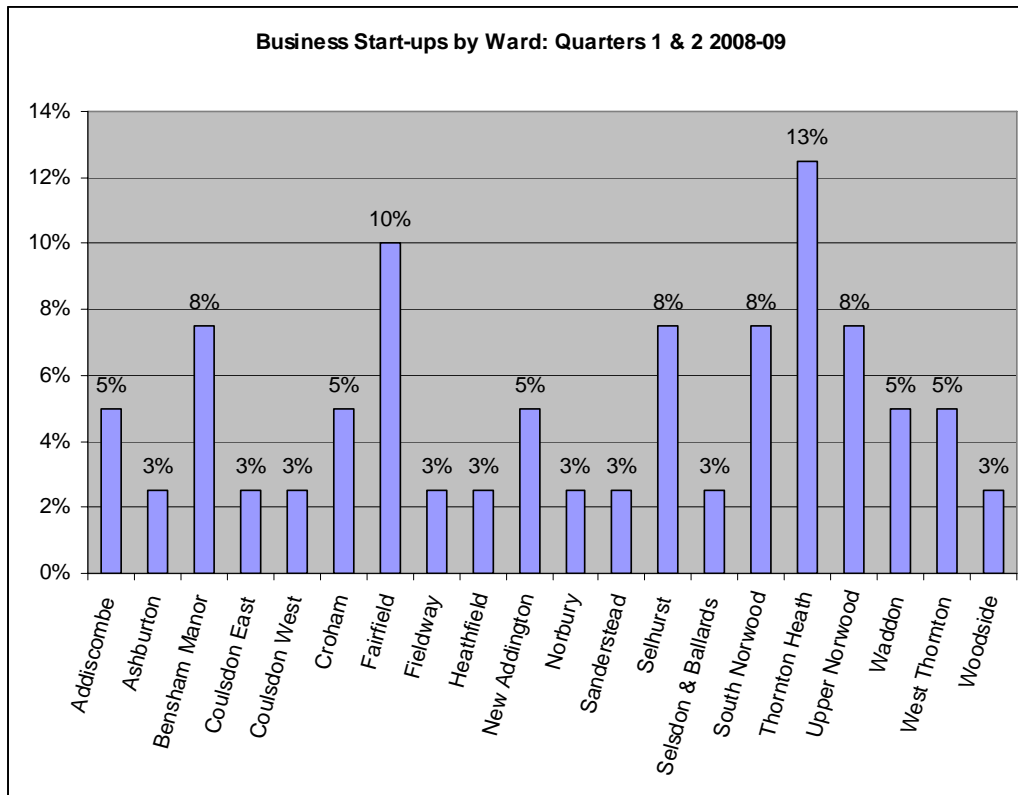
- Recruitment of new clients via outreach work, calls to the hotline and numbers at pre-start workshops has increased significantly this quarter (1080) when compared to quarter 1 (860). Calls to the hotline have increased by almost 30%.
- This level of performance is still lower than quarters 3 and 4 of 2007/08, where the numbers of clients recruited was 1522 and 1350 respectively. CE programme managers have confirmed that one of the reasons for the reduced levels of client recruitment in this financial year when compared to 2007/08 is that projects are targeting new clients that have the most potential of starting a business or gaining new skills which could lead to employment.
- Based on data from last year, Enterprise Week (which is due to take place between 17<sup>th</sup> – 23<sup>rd</sup> November 2008) should substantially increase the number of clients recruited to the programme for quarter 3.

Recommendation: CE programme managers should ensure that marketing and/or outreach activities continue to be effective after quarter 3, to ensure that the level of clients recruited that is required for the programme to be effective is sustainable post Enterprise Week.

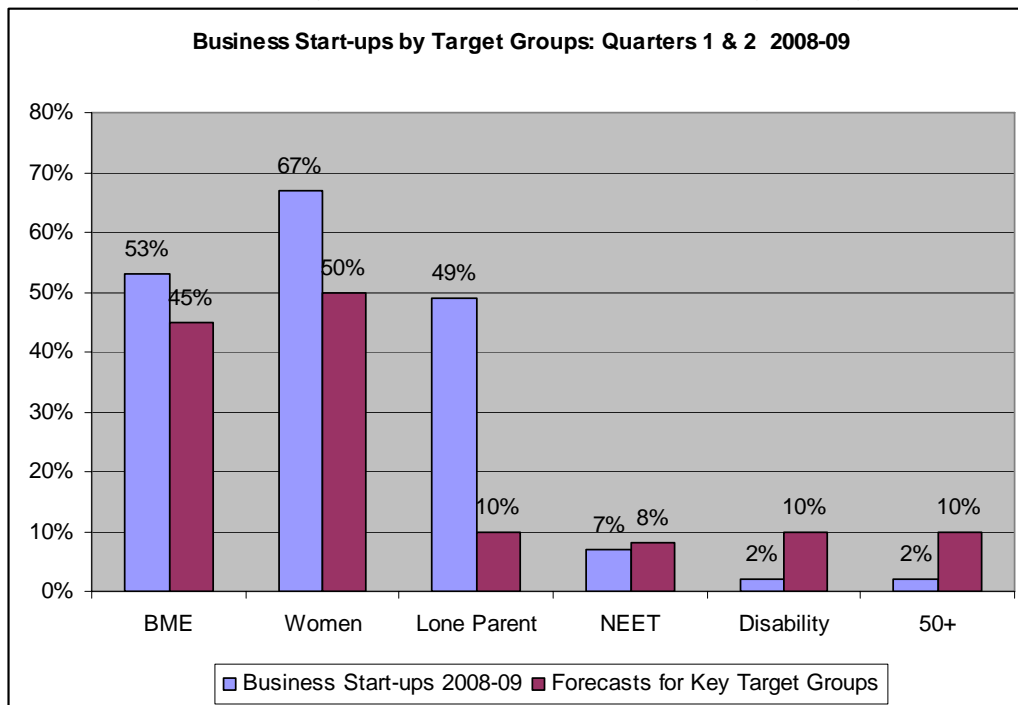
#### 3.3.2 Business start ups

- The number of business start ups has increased significantly this quarter (88) when compared to quarter 1 (19) bringing the total to 107. The overall target for quarter 2 is 124 and performance for quarter 2 indicates that the programme is almost on track to meet the annual target for this indicator.
- The following tables are drawn from information collected through the programme's Client Relationship Management system (CRM) which provides more in depth data on business start ups for quarters 1 and 2. It is important to note that at present CRM data is limited and only provides indicative trends which are not based on full data sets. Gaps in these data sets are being addressed and should be more accurate by the end of quarter 3.
- The following charts show business start ups for quarters 1 and 2 by ward, by target group and by business sector.

**Chart 1** – shows that based on current CRM data sets the highest number of businesses have been started by clients who live in Thornton Heath and Fairfield wards.

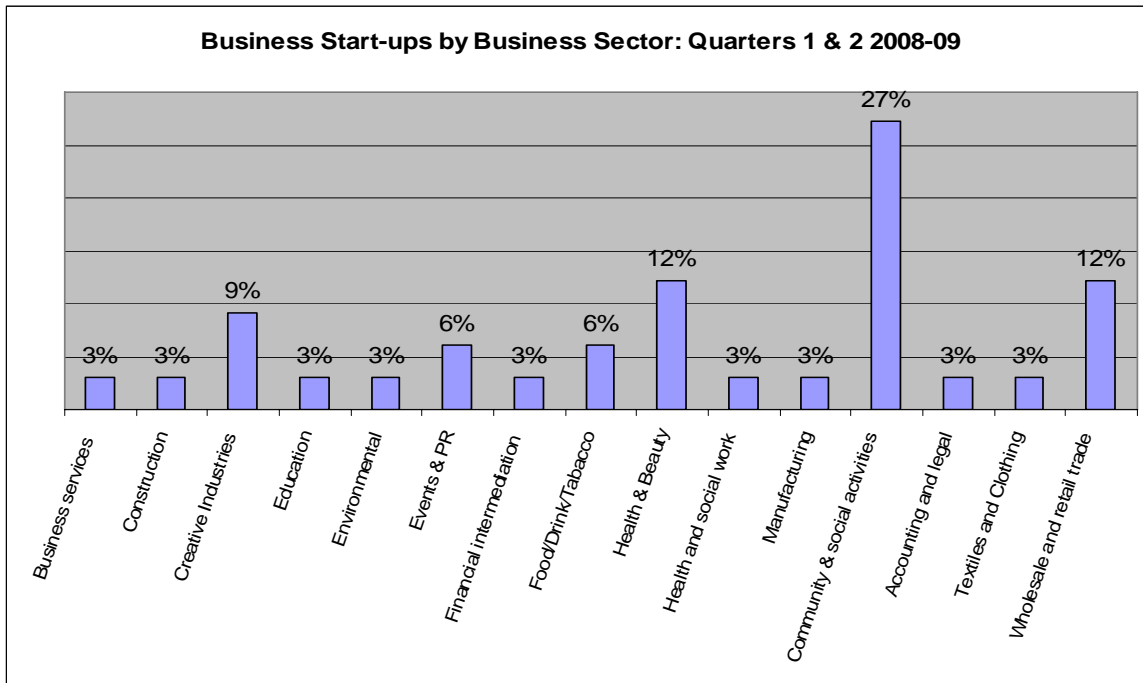


**Chart 2** – shows the number of businesses started by clients from our key target groups compared to the programmes targets for key target group participants. Women, BME and lone parent clients show the highest number of start ups, exceeding the targets for these groups.



**Note:** Data on young people and clients on incapacity benefit has not been included in Chart 2 due to insufficient data

**Chart 3** – shows the number of business start ups by business sector. The highest number of business started during quarters 1 and 2 were in community and social activities, the wholesale and retail trade and health and beauty industries.



**Recommendation:** The CE Commissioning Team should continue to ensure that projects are on track to meet individual project targets for start ups, identifying areas of underperformance early and ensuring remedial action is undertaken as a matter of urgency.

In the context of start ups, information from the CRM should be used to identify areas where performance is lower for specific wards and/or target groups with a view to highlighting potential gaps in service delivery and targeting resources more effectively. Additionally, this data can also be used to identify areas/interventions that have been most effective in producing start ups with a view to replicating or increasing these services across the programme.

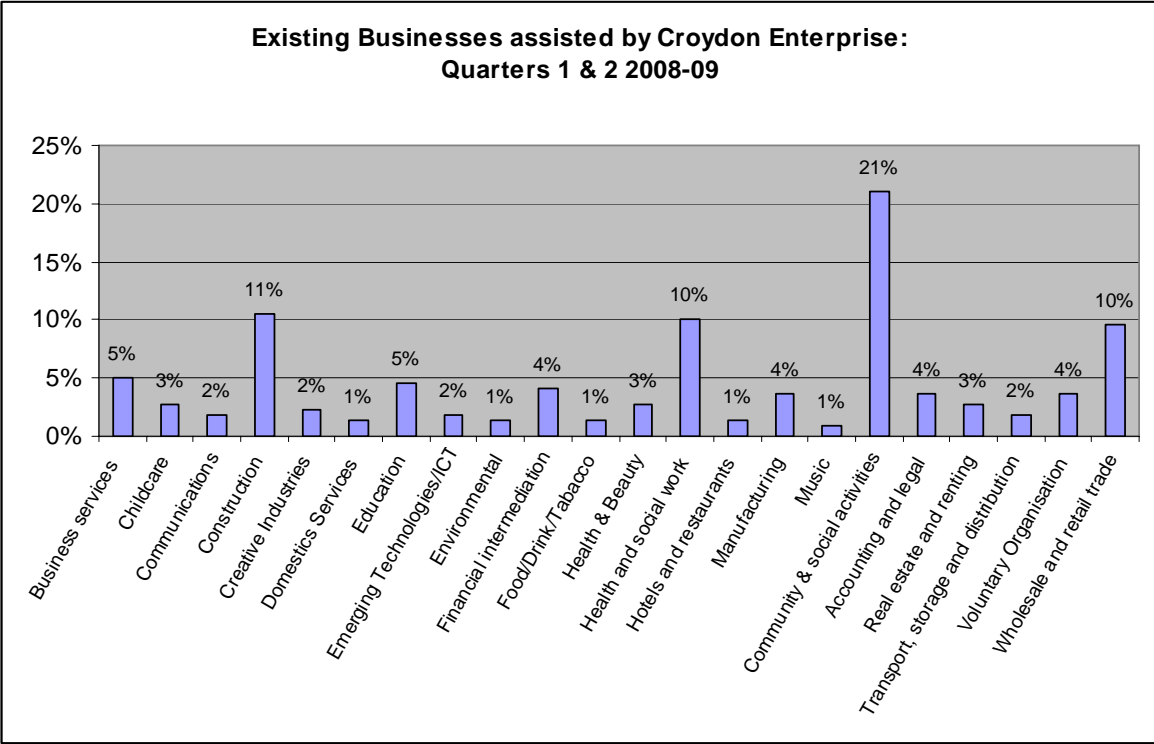
**3.3.3 Training and employment**

- The number of clients entering training and employment and the number of jobs created is also a key regeneration outcome for the programme. Performance against this target has been excellent for quarter 2. A total of 799 clients have been reported entering training or gaining employment, which exceeds the quarterly target of 538 and ensures that the programme is on track to meet the overall annual target of 1076.

**3.3.4 Businesses assisted and business growth**

- A total of 1177 existing businesses have received direct support for the programme at the end of quarter 2. This level of performance is lower than the quarterly target of 1250, but the variance has reduced considerably when compared to quarter 1.
- The CRM provides us with data on the types of businesses that are accessing the programme’s services.

**Chart 4** – shows that the highest number of businesses accessing the programme for quarters 1 and 2 are from community and social activities and the construction industry.



- A key outcome for the programme is to increase the number of VAT registrations and to contribute to VAT registered businesses demonstrating growth. These are the national indicators for LEGL areas, but it is important to note that baseline data from central government relating to these indicators is not yet available so we have been unable to set three year annual targets. The programme also has a local indicator measuring existing businesses demonstrating growth, baseline data is being collected for this indicator for 2008/09 and targets will be set based on this data for the next two years.

- The programme is still monitoring business growth and VAT registrations as a result of its interventions. At the end of quarter 2 a total of 76 businesses have reported growth and 17 businesses have registered for VAT.

Recommendation: There is an important need to ensure that business growth is prioritised in terms of service delivery, as demonstrating an impact on this outcome will help to build a business case for Croydon to draw down the full allocation of LEGI funding from central government in future years.

Going forward, planning in terms of service delivery should also focus on the developing interventions that improve business survival rates, this should help negate the effects of the current economic downturn and contribute to business growth in the longer term.

### **3.3.5 Target groups**

- The programme is exceeding its targets for young people, clients with disabilities, lone parents, clients over 50 and clients on long term benefits. High levels of performance against these key target groups should be regarded as a very positive outcome. This is most specifically relevant to clients with disabilities, as achieving the target for this group has been particularly challenging for many projects and this is the first quarter where the programme has met and exceeded the target.
- Targets for women, BME communities and young people who are NEET have not been met. The programme has consistently achieved and exceeded targets for women and clients from BME communities and programme managers need to identify reasons for this drop in performance relating to these key groups and ensure that it is not an ongoing trend.
- Performance relating to young people who are NEET should also improve during the next quarter as CYPL has resumed service delivery during quarter 2.

### **3.3.6 Business relocating to Croydon and increasing business stock in district centres**

- The target for the number of businesses relocating to Croydon has been exceeded this quarter, bringing the total number of businesses to 21 for 2008/09.
- The target for increasing business stock in district centres has not been met this quarter, although the District Centre Managers Team have reported a 2.81 percentage point reduction in the business vacancy rate in districts overall.

Recommendation: The CE Commissioning Team need to agree how the business vacancy rate impacts on the programme target to increase business stock in district centres. This will ensure more accurate reporting against this indicator for quarter 3.

## Conclusion

- Overall, projects continue to deliver very positive outputs this quarter, which have converted into positive outcomes and resulted in high levels of performance against many of the programme's key targets. Where targets have not been met, i.e. business start ups and existing businesses assisted, performance has significantly improved in quarter 2, which means the programme is closer to being on track to meet these targets at the end of the financial year.
- Emphasis should still be retained on ensuring that the support provided by the programme does effectively contribute to levels of new businesses in the borough both through start ups and inward investment.
- While outcomes relating to business growth are positive this quarter, we need to ensure that current services are reviewed and delivery partners are flexible to respond to client needs as a result of the economic downturn.

Overall recommendation: Detailed analysis is required on current success factors and identifying the type of interventions that have been most effective in producing outcomes, resources should then be targeted at these. This analysis should be carried out by Croydon Business as a key aspect of their co-ordination function.

This recommendation remains unchanged from quarter 1, but in addition the CE Team should seek the views of the business community in Croydon, to identify how positively they consider the impact of the programme and what services could be provided to help businesses survive and grow in the current economic climate.

#### 4.0 Programme Risk Register

Identifier	Description	Counter-measures	Impact	Probability	Proximity	Risk score	Owner	Date last updated	Current status
PS1	Failure of programme to engage with people with disabilities	<ul style="list-style-type: none"> <li>➤ Partnerships developed with key groups including Disability Croydon, Status Employment etc.</li> <li>➤ Individual projects have identified ways to improve performance in this area and are developing initiatives</li> <li>➤ Appropriate equalities training will be provided to delivery partners, which will include best practice for working with people with disabilities.</li> <li>➤ A new specification is being designed to deliver a project focused around engaging people with disabilities.</li> <li>➤ Close monitoring and intervention if appropriate, including strengthening the working relationship with delivery partners to ensure issues are identified early.</li> </ul>	4	2	4	10	Stella Okeahialam	28/10/2008	Decreasing
DT2.2a	Failure to implement and manage the programme wide Customer Relationship Management system (CRM)	<ul style="list-style-type: none"> <li>➤ Training and support is being provided by Croydon Business to all delivery partners.</li> <li>➤ Audit and data integrity reports highlighting usage and accuracy of information will be run regularly, with the programme team being informed, by exception, of key issues.</li> </ul>	4	3	3	10	Brian Stapleton	28/10/2008	Decreasing
PS1	Failure to secure adequate resources to deliver outcomes	<ul style="list-style-type: none"> <li>➤ The programme is cross-cutting and both directly and indirectly contributes to a number of LAA priorities and targets.</li> <li>➤ The economic development company will be tasked to secure both public and private sector resources, identify efficiencies, reduce duplication and develop an income generation strategy for services.</li> <li>➤ The programme is collecting data to demonstrate how outcomes provide value for money and contribute to a broad range of priorities.</li> <li>➤ The improved service planning process for 2008-09 has ensured that all projects develop robust delivery plans. This will be built upon for service planning 2009/10 and the commissioning of projects for 2009-11.</li> </ul>	3	3	3	9	Damian Roberts	28/10/2008	Stable
PS1	Required match funding and leverage is not achieved	<ul style="list-style-type: none"> <li>➤ All projects are reporting on match funding.</li> <li>➤ The effect of the economic downturn is being monitored.</li> <li>➤ Programme Team will work with partners to identify match funding opportunities.</li> </ul>	2	4	3	9	Stella Okeahialam	28/10/2008	Increasing

Identifier	Description	Counter-measures	Impact	Probability	Proximity	Risk score	Owner	Date last updated	Current status
DT1	Failure to engage those clients who would benefit most from the programme	<ul style="list-style-type: none"> <li>➤ The programme is reviewing progress to date as part of the service planning process for 2008-11.</li> <li>➤ The programme requires all projects to monitor and report on equalities data.</li> <li>➤ Analysis of data provided to date will enable us to identify areas of weakness and implement appropriate action plans.</li> <li>➤ Opportunities to develop the programme in this area are being explored, including the development of a new outreach project specification for 2009-2011.</li> </ul>	4	2	2	8	Rahima Begum	28/10/2008	Decreasing
PS1	The economic downturn affects the ability of the programme to deliver outcomes	<ul style="list-style-type: none"> <li>➤ Partners have developed plans to adapt services to meet changing services needs.</li> <li>➤ Market intelligence and other data sources are being regularly reviewed to monitor the effect of the economic downturn on Croydon,</li> <li>➤ The programme will market its services to groups affected by the economic downturn e.g. individuals made redundant.</li> <li>➤ The inward investment package will market Croydon as an affordable alternative to central London and other areas for businesses considering relocating.</li> </ul>	2	3	2	7	Damian Roberts	28/10/2008	New
PS1	Failure to secure funding from central government beyond 2011.	<ul style="list-style-type: none"> <li>➤ Proactively marketing the benefits of the programme to key stakeholders in central government.</li> </ul>	3	2	2	7	Damian Roberts	28/10/2008	Stable
PS1	Failure to achieve outcomes and outputs	<ul style="list-style-type: none"> <li>➤ All projects have been given challenging yet realistic targets which overcompensate for agreed LAA targets.</li> <li>➤ Strong management and monitoring systems are in place.</li> <li>➤ Projects will report by exception, highlighting problems / issues, and provide update reports to an agreed timetable.</li> <li>➤ Countermeasures are in place, such as programme and project risk registers, to manage key issues.</li> <li>➤ The programme is reviewing progress to date as part of the service planning process for 2009-11 and has developed an outcome focused strategy.</li> </ul>	3	2	1	6	Stella Okeahialam	28/10/2008	Stable

Identifier	Description	Counter-measures	Impact	Probability	Proximity	Risk score	Owner	Date last updated	Current status
PS1	Failure to deliver a co-ordinated and holistic programme of interventions.	<ul style="list-style-type: none"> <li>➤ The programme team will map products and services across the CE programme to identify duplication / gaps</li> <li>➤ The economic development company will reduce duplication and develop a more integrated programme of business support services.</li> <li>➤ Thematic co-ordination meetings are held to encourage delivery partners to work together and understand what other services are available under Croydon Enterprise</li> <li>➤ Croydon Business ensures that business start and business growth services are co-ordinated centrally</li> <li>➤ The CRM has been implemented across the programme to improve referrals.</li> <li>➤ The service planning process for 2008-11 has ensured that all projects are reviewed and appropriate remedial action taken to ensure improved service delivery</li> <li>➤ The delivery partner extranet provides a calendar to enable event planning and co-ordination.</li> </ul>	3	1	2	6	Charlotte Rohan	28/10/2008	Decreasing
PS1	Failure to involve businesses in the shaping and implementation of the programme	<ul style="list-style-type: none"> <li>➤ The composition of the Advisory Board will be expanded to include further representation from the business community.</li> <li>➤ Business-led sub-groups have been established. These provide more detailed scrutiny over specific aspects of the programme, feeding directly into the Advisory Board, with the chair of each sub-group becoming a member of the Advisory Board.</li> </ul>	2	2	1	5	Stella Okeahialam / Charlotte Rohan	28/10/2008	Stable
PS3	Failure to effectively market the programme as a whole to others	<ul style="list-style-type: none"> <li>➤ Marketing and communication channels across the whole programme are co-ordinated by the central communications team.</li> <li>➤ Current activity is subject to ongoing maintenance and review.</li> </ul>	2	1	1	4	Chris Myers	28/10/2008	Stable

- I Impact If the risk were to occur, what impact would it have? (Scored out of 5) 1 = small negative impact, 5 = widespread negative impact
- L Likelihood What is the probability that the risk will occur? (Scored out of 5) 1 = not likely, 5 = very likely
- P Proximity When will the risk occur? (Scored out of 5) 1 = distant future, 5 = imminently