

biz4Biz

Insight

MARCH 2015 | ISSUE THREE |

THE VOICE OF BUSINESS IN HERTFORDSHIRE

NEWS AND
INTERVIEWS

**FIGHTING
FOR
FREE
TRADE**
GRANT SHAPPS



**NICOLA HORLICK
CITY
SUPERWOMAN**

www.biz4biz.org

**FREE ONE HOUR
CONSULTATION**



Not getting good value and service from your accountant?

Looking for friendly, professional advice and guidance about your business or finances?

George Hay have been leading the accounting field for **75 years** and are a member of the prestigious **Institute of Chartered Accountants**. We provide a friendly, personal service backed up by a wealth of **professional expertise** across all sectors so call us now to book your **FREE** consultation and find out more about what we can do for you.



Letchworth Office: 01462 708810 • www.georgehay.co.uk

Offices also at: Biggleswade: 01767 315010 • Huntingdon: 01480 426500



George Hay Partnership LLP is registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.



UK200Group
Independent quality assured professionals

biz4Biz

The network for like-minded business owners, entrepreneurs, senior executives and forward-thinking professionals in and around Hertfordshire



Join biz4Biz with our special early bird membership offer!

A biz4Biz membership package gives you: Access to exclusive member only events

- An annual subscription to the Hertfordshire Business Independent magazine
- CEO forum meetings
- Regular biz4Biz eNewsletter and much more.

Log on to www.biz4biz.org for more information



Insight

News	4-5
Events	6
Year End Tax Planning	7
In Conversation With... Tom McMullen	8-9
Business Growth	10-11
So How Local Is Local?	13
In The Fast Lane To Success	14-15
Grant Thornton Release Hertfordshire Business Performance Review	16-17
Grant Shapps: The Free Trade Deals That Could Turbo-Charge The UK Economy By £10bn	18-19
Interview With Matt Hamnett, NHC Chief Executive Officer and Principal	20-21
No Taxation Without Representation	23

THE EDITOR

There is a feeling of optimism in the air and whether it is because spring is just around the corner or we can see an end in sight to the general election campaign, who's to complain? Of course now is also the time when businesses make sure that all those plans for the year are in full swing. It is a time for action and a time to make good the promises made when we took time out over Christmas and came up with those resolutions.

While of course it may be new beginnings, some industries can see very few changes over the course of the centuries. Take for example brewing and the role played in Hertfordshire by the McMullen family. Over the years they have seen a number of tough recessions, depressions and even the threat posed by World Wars but their business model, while fleet of foot enough to adapt to modern trends, is very similar to that of 100 years ago. They provide a social hub and while the offering through food and drink may change and be marketed differently, McMullen's as a brand shows it must keep its place at the heart of the community.

Among other contributions in this edition is a fascinating insight from Nicola Horlick CEO of Money&Co. Nicola rose to fame as the 'City Superwoman' who juggled a high-flying financial career with family life and her look at the trials and tribulations faced by SMEs borrowing money makes for interesting reading. Those who have been turned away by the banks may find that there is an alternative. And that of course is what Insight magazine is all about. We are sure that you will enjoy this latest edition while at the same time learning something new in the true spirit of adaptability that all businesses show.

Darren Isted

PUBLISHED BY



Adrian Hawkins
Publisher
Darren Isted
Editor
Kate Ling
Creative Director
James Laing
Deputy Editor

www.jabbercoms.com
@jabbercoms
T:0330 9001 777

CONTRIBUTORS

Keith Middleton
Director biz4Biz, Partner George Hay Chartered Accountants
Tom McMullen
Company Secretary, McMullen & Sons Limited
Nicola Horlick
CEO Money&Co.
Andrew Sykes
Director biz4Biz, Chairman RHG Insurance Broker
Tim Baugh
Director, biz4Biz, Partner Howardsgate plc,
Grant Shapps

Grant Shapps is the Conservative MP for Welwyn and Hatfield, Conservative Party Chairman and Minister without Portfolio
Matt Hamnett

NHC Principal and CEO

Adrian Hawkins

Co-Founder & Chairman biz4Biz

Chairman Weldability Sif established 1925, Director and Trustee of the Weldability Sif Foundation, Herts LEP Main Board Director, Director and Trustee of the North Herts Studio Schools Trust.

NEWS

Hertfordshire
Local Enterprise Partnership



MINISTER GREG CLARK TO LAUNCH GROWTH HUB AS PART OF £221.5M DEAL FOR HERTS



The Rt Hon Greg Clark MP, Minister for Universities, Science and Cities, is due to launch a new service on 26 March to support established small businesses as part of a £221.5m Growth Deal for Hertfordshire.

Thanks to its targeted and achievable Strategic Economic Plan, Hertfordshire Local Enterprise Partnership has successfully secured substantial Government funding to deliver up to 15,000 new jobs, 20,000 new homes, business support and improved skills provision, and it has the potential to generate £430m public and private investment.

Hertfordshire LEP agreed an expansion to its Growth Deal with the Government earlier this year which will see an extra £22.3m

invested in the county between 2016 and 2021. This is in addition to the £199.2m of funding committed by the Government on 7 July 2014, bringing the total expanded deal to £221.5m.

As part of this package, Hertfordshire Growth Hub, which is jointly funded by Hertfordshire LEP, the Department for Business, Innovation and Skills and the University, will provide advice, information, support and events to help local businesses fulfil their growth potential. SMEs across Hertfordshire can use the Growth Hub to find out more about the opportunities to access finance, skills and innovation help.

The Growth Hub is open for business but will be launched officially by the Minister on 26 March at the

University of Hertfordshire from 3-5pm. SME business owners who would like to attend can apply by emailing enquiries@hertsgrowthhub.com. Places are limited so early booking is advisable.

Hertfordshire LEP chairman John Gourd will also use the launch to outline how the LEP will be getting ready to call for projects to launch a £72m Business Support Package financed by Local Growth Fund and EU Funding which will stimulate enterprise in the county.

To find out more about the Growth Hub, visit www.hertsgrowthhub.com

Find out more about your LEP at www.hertfordshirelep.com

£19.6M LOW COST BORROWING TO BOOST TOWN CENTRE REGENERATION

Ambitious plans to regenerate Hemel Hempstead's town centre are being aided by a government announcement that it is to make £19.63m of discounted borrowing available to Dacorum Borough Council. Hertfordshire Local Enterprise Partnership secured the reduced 'project' rate from the Public Works Loan Board (PWLB) to help revitalise the town centre's economy by making it a more attractive place to shop, visit and do business.

Dacorum Borough Council is already in the middle of regenerating Hemel's town centre under its Hemel Evolution programme. It is investing £30m of public funds in a top-to-toe redevelopment of its main high street, creating new homes, jobs and leisure

opportunities and also supporting local businesses.

Sally Marshall, Chief Executive at Dacorum Borough Council, said: "Thanks to Hertfordshire LEP's support, we can stimulate growth in Dacorum at a lower cost. The reduced loan rate shows the government's commitment to our local economy."

The reduced 'project' rate secured by Hertfordshire LEP builds on its £5m commitment to develop a town centre campus for West Herts College secured as part of its £200m Growth Deal last year.

Andrew Percival, chair of Hertfordshire LEP's Infrastructure Board, said: "We are delighted that securing the PWLB project rate



for Dacorum Borough Council will enable it to progress its plans to revitalise the town for visitors, residents and businesses and help to unlock Hemel's future economic potential."

For more information on Dacorum Borough Council's £30 million Hemel Evolution regeneration programme visit www.dacorum.gov.uk **hemevolution**

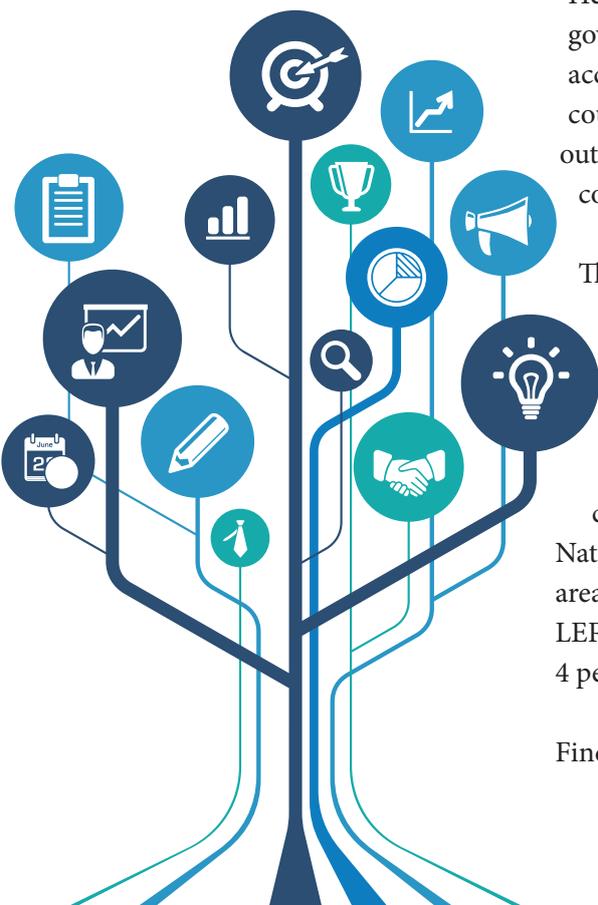
DRIVING ECONOMIC GROWTH

Hertfordshire LEP is one of 39 Local Enterprise Partnerships tasked by the government to drive forward economic recovery. The LEP's objective is to accelerate business-led economic growth in Hertfordshire and secure the county's place as a world-leading economy – one of the top three in the country outside London. It is committed to working collaboratively to ensure that the county continues to thrive as an excellent place to live, work and do business.

Thanks to its targeted and achievable Strategic Economic Plan, Hertfordshire LEP has successfully secured £221.5m investment from the government. By 2021, the growth deal is set to deliver thousands of new homes, jobs, support businesses and improve skills provision.

Hertfordshire LEP is also performing well on key economic indicators compared to other LEPs. According to the latest figures from the Office for National Statistics, Hertfordshire was the sixth highest performer among LEP areas for economic growth in 2013. The data reveals that for the Hertfordshire LEP area, the economy grew by 3.9 per cent in 2013, with London in fifth place at 4 per cent.

Find out more about your LEP at www.hertfordshirelep.com



EVENTS



It has been a busy start to the year for biz4Biz members with a number of events held and some great names still to come.

A lunch at Brocket Hall brought the year to a close when Grant Shapps, Conservative MP for Welwyn Hatfield and the party chairman, entertained our guests with a look at the current state of politics while also giving us an insight into the forthcoming general election.

The first event of 2015 saw Peter Lilley, MP for Hitchin and Harpenden attend a lunch in the delightful surroundings of Hitchin Priory and

in a wide-ranging talk discussed a number of key local issues including the development of a new housing strategy and the current battle to stop building on our green belt.

A full diary for biz4Biz members continued in February with the first CEO Forum of the year attended by Peter O’Gorman. Along with his voluntary role as the deputy chairman of the Herts LEP Peter is also a regional director of Santander Corporate Bank. He provided a fascinating look at finance and business in Herts and beyond.

The events continue later in March

when Fergus McMullen will be the keynote speaker at a lunch at Brocket Hall on Friday March 20th. Fergus is the Production and Sales Manager for McMullen & Sons Brewery and is also the current High Sheriff of Hertfordshire.

On Friday April 17 Geoffrey Van Orden MBE MEP will be the guest at the CEO Forum to be held at Novotel, Stevenage.

For more details on these events log on to www.biz4biz.org or call Louise Case on 01462 478031.

DATES FOR THE DIARY

For more information and to register online visit www.biz4biz.org/events.html



Friday, 17 April 2015

biz4Biz CEO Forum at Stevenage Novotel with Geoffrey Van Orden MBE MEP

More details of these events can be found on www.biz4Biz.org or call Louise Case, biz4Biz Secretariat on 01462 478031



YEAR END TAX PLANNING

Having completed your tax return prior to the deadline of 31 January, you may be thinking that you can forget your tax affairs for a while, but this is the time to consider any tax planning before the 5 April as if certain actions are not taken before that date the opportunity will be lost, resulting in more tax to be paid than should. We highlight below areas that should be considered.

Income Tax

At the current time income over £150,000 is taxed at 45%, but the effective rate of income tax between £100,000 and £120,000 is 60% due to the fact that personal allowances are reduced by £1 for every £2 of net income over £100,000.

If you are an individual with income of these levels, you should consider the following actions:

- making additional pension contributions
- deferring dividends and bonuses
- transferring income yielding assets to a spouse
- making payments to a charity

For the person earning slightly less, but over £50,000, it should be remembered that child benefit is clawed back when income exceeds this figure and when it reaches £60,000 the benefit is lost completely. This means that the same considerations apply as to higher earners. An ideal scenario would be to split taxable income between both partners below £50,000.

Capital Gains Tax

The annual tax free exemption for 2014/15 is £11,000 and is available to each individual, but if not used it is lost and cannot be carried forward. You should therefore plan any disposal prior to the 5 April and continue transferring any assets between spouses and civil partners to ensure the annual exemption is used. If you have taxable capital gains try to ensure it is liable at the 18% rate rather than 28%.

When reviewing your capital gains position remember that past capital losses can be utilised. This can be of benefit, but ensure it does not waste your annual exemption.

Business owners can benefit from entrepreneurs' relief at a capital gains tax rate of 10%, but to obtain this a number of qualifying conditions must be met, one being you must have held over 5% of the shares and voting rights for at least 12 months. Before a disposal, check your position and try to remedy any problems in obtaining this relief.

Inheritance Tax (IHT)

At the present time IHT is payable on estates when the value is in excess of £325,000, however certain assets qualify for 100% relief when held for 2 years. These could be business and agricultural assets, shares in private companies (including AIM listed shares) and trading partnerships.

A simple way to reduce the value of your estate is to give assets to other family members now. These become totally exempt from IHT if you survive seven years.



Other gifts made as part of normal expenditure from net disposable income may also be exempt, therefore please consider all before 5 April.

Investments

At the present time UK residents can invest up to £15,000 in ISAs for the year 2014/15 and this needs to be done prior to the 5 April. Income and capital gains for ISAs are tax free, therefore should be considered in any investment planning.

Tax relief can also be obtained if investing in Enterprise Investment Schemes and Seed Enterprise Investment Schemes. Both of these offer considerable taxation reliefs, but both carry with them a risk to capital.

We have shown a number of possibilities regarding tax planning, but this is certainly not an exhaustive list and all individuals have different circumstances so professional advice should also be sought.

Keith Middleton

Partner, George Hay Chartered Accountants

IN CONVERSATION WITH... TOM McMULLEN

Insight's James Laing caught up with Tom McMullen of McMullen & Sons to discuss his home county, thoughts on business strategy and predictions for the future.



What are the benefits of being a business based in Hertfordshire?

As a brewer and pub operator we are part of the service industry and Hertfordshire's high population density, with strong income demographics, is very attractive to businesses like ours. It is also diverse, which we appreciate, and we run six different pub concepts, catering to the different market segments.

Hertfordshire is also good for its proximity to the capital and infrastructure. We're predominantly a managed house operator, meaning that we staff and operate our pubs ourselves and this requires a head office team that is able to respond quickly to support and supervise the employees in the pubs. That's why good road links help so much – we aim to be able to get to all of our pubs within ninety minutes.

You're part of the sixth generation of McMullens' to work with the brewery. What influence does the company's family-run history have on the business?

Its main influence is on our long-term thinking. We are able to take business decisions focussing on long-term stability and growth, rather than sacrificing that for short-term profit.

An example would probably help me explain here. My great grandfather bought a pub in Covent Garden subject to sixty years of an eighty-year lease remaining. He and his son couldn't trade it but his grandsons did. We're able to make decisions like that.

We're focussed on maintaining buildings to last and we're able to do this because we are family owned and don't have to report to the markets or banks. When we buy and invest we do so hoping for generations of use rather than the short term profits that are the aims of many businesses.

In terms of heritage we do look back at what we've survived – three great depressions, seven recessions – and take strength from our history. But while we like to acknowledge the past, we are focussed on our future.

To the outsider, you seem to have had quite an aggressive – if you don't mind the use of that word – strategy when it comes to buying properties.

Buying pubs is incredibly difficult and very competitive – particularly in Hertfordshire. Nonetheless, I think that the recession helped, because some other companies got caught up in it and we were able to use this to grow. We only bought one pub last year but in the year before we bought five. That was an unusually successful year. You do find yourself having to go through years of not being able to buy anything. Our acquisition manager looks at two to three hundred pubs a year but we probably manage to buy one on average. As a result we have also been building new pubs and we have two currently in the pipeline, one in Ware and one in Colchester. Our first pub was bought in 1836 and the average time they have been in our ownership is just short of a hundred years.

Looking forward, pubs seem to be placing a lot of emphasis on their restaurants. Why do you think this has happened?

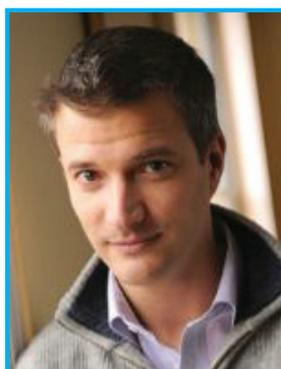
Food sales have a lower profit margin than drink sales. However, the industry has been pushed by customer demand to become more food focused. Part of the reason for this is a reaction to changing law. For example, rural pubs have been hit by the understandable clamp down on

drink driving. In many cases, their wet sales have collapsed so they have had to focus on food. Sadly, many small rural pubs have been unable to move into the food market as the pub size and, often, listed status prevents them being of sufficient size to incorporate a suitable commercial kitchen and enough customer space to cover the high kitchen fixed costs.

One of the pleasures of the business is that we provide employment. Our big food pubs can have as many as 90 staff on the books. It's really nice to be able to do that. It does, however, need to be funded. The big food pubs require a hell of a lot of capital investment and the risk is much, much higher.

Are you confident about the future of your industry and business?

Being based in Hertfordshire gives us a greater degree of confidence than would otherwise be the case. We're very well positioned in terms of our location and I think you could say the same for our business strategy. Current government legislation in relation to the tie should have little effect on us because we run the majority of our business as a managed operator. We're very lucky and tell ourselves that whenever we can. I'm confident that in the short term, i.e. the next 30 years or so, a diversified pub operator such as ourselves can adapt to changing customer tastes and legislative challenges. After that? Well, that's for my children and grandchildren to sort out!



Tom McMullen
Company Secretary
McMullen & Sons Ltd.

Tom McMullen is the company secretary of McMullen & Sons Limited, a microbrewery and pub company that was founded in Hertford in 1827 by his great-great-great grandfather. Find your local at <http://www.mcmullens.co.uk/>



BUSINESS GROWTH



When a business is growing, it absorbs cash. New businesses should fund that growth through issuing new shares, but when a business becomes profitable, it can consider adding in debt. Since the credit crunch, many companies have shied away from borrowing money, but as long as a company is profitable and generates cash, there is no reason why it should not take a loan. Issuing more shares just dilutes the amount that the entrepreneurs own of their businesses, so it is sensible to consider borrowing money.

For small and medium-sized companies (SMEs), borrowing money has never been harder. The banks have been subjected to more and more regulation and it has now become very difficult for them to make unsecured loans to an SME. If a business owns a building, then it will be able to borrow from a bank and secure the loan on that asset, but if the business just has a short lease, a few vans and a couple of computers, the bank will not lend, even if the company is profitable and growing strongly.

There are many companies that are growing that need cash to help them grow further and that is why I set up Money&Co., which launched at the

end of April last year and completed its first loan in June. We are cash flow lenders and so do not require the company to have significant fixed assets and in most cases we do not ask directors to give personal guarantees. We do take a first-ranking debenture over all the assets of the company so that if something goes wrong with the company, we have a chance of recouping our lenders' money. However, if the company gets into difficulty, our aim is to help get it back on track, not push it into receivership.

At Money&Co., we will consider making loans of between 1 and 5 years' duration. The loans are fully amortising, so if a company borrows for 5 years, it will make 60 equal monthly repayments, with each being part of the capital and some of the interest. Our credit team ascribes a credit rating to each company (A+, A, B+, B and C+). The credit rating gives a feel for what the interest rate should be on the loan (7% if it is A+ and 11% if it is C+), but it is the 'crowd' that actually sets the rate. Companies pay an origination fee to Money&Co. which varies depending on the size and duration of the loan, but the average is currently 3%.

Many companies have given up thinking about borrowing as they have become used to being turned away by

the banks. Websites like Money&Co. provide an interesting alternative. Our minimum size loan is £50,000 and we will lend up to £3 million. If your business is growing, needs cash to help fund that growth and is profitable, take a look at the Money&Co. site. We would love to talk to you about your financing needs, so get in touch!



Nicola Horlick

CEO
Money&Co.



RAISING
YOUR
VOICE
ABOVE THE NOISE



ADVERTISING

BRANDING

COPY WRITING

CRISIS MANAGEMENT

DIRECT MARKETING

GRAPHIC DESIGN

MARKETING

MEDIA TRAINING

MEDIA RELATIONS

SOCIAL MEDIA

WEBSITE DESIGN

Jabbercoms
Communication Design Agency

Tel: 0330 9001 777

Email: hello@jabbercoms.com

Twitter: [@jabbercoms](https://twitter.com/jabbercoms)

www.jabbercoms.com



SO HOW LOCAL IS LOCAL?



I happened to be on a brewery trip recently and despite being a teetotaler, the presentation was very interesting because it was a local micro brewery and that's what got me thinking about what's local.

The brewery is well-established, probably half an hour from my home but the owner lives near me. He made the point that he is not looking to go national and is not interested in wider recognition, but he considers a 30 mile radius local and doesn't want to go further than that because he will lose touch with his customer base, generally the pubs and even those under lease to the big chains, within that circle. He reckons there is enough business for him to grow and keep growing, educating a new generation on the "benefits" of live beers and to keep the brand name and beer on people's tongues.

Now, 30 miles is not what I think of as local as my local shops are just a few

minutes' walk away and I don't need to get the car out to get there, even if I could park nearer. So where is the line drawn in anyone's mind between local and belonging in that position?

My business is in Stevenage but is that local enough? What about Letchworth, Baldock or Hitchin? We certainly have clients in all of those places and staff who live there so there is a different perspective about what is local when thinking business-wise. St Albans is about to experiment with a local currency. There have been attempts, some successful, at adopting these in other areas as research shows that currency recognised locally and used locally benefits that economy so much more. Stevenage directly spends very little of our rates and taxes with Stevenage businesses so that needs to change. Why are we exporting jobs and economic benefit to other areas? We have large and successful businesses on our doorstep and this is good for our economy bringing

employment and spending power. The LEP is looking to spend money in key areas of the county to help to expand Hertfordshire's appeal to new industry in areas where there is already a nucleus of success.

Surely with an election looming there must be a key question to the local politicians as to why we spend such a vast amount of our local income outside of the local economy and what guarantees can they give that this will change?

Hiding behind non-existent EU directives is not good enough; let's see some action to help the local economy.

Andrew Sykes

Director biz4Biz,
Chairman RHG Insurance Broker

IN THE FAST LANE TO SUCCESS



February is an exciting time for petrolheads around the globe as it marks the start of a new Formula One season, with the teams testing their new cars in Spain. As the reigning world champion, Stevenage born Lewis Hamilton will get behind the wheel of his Mercedes F1 car hoping that he can continue his winning streak in 2015. The Mercedes team may have a German name, may have a German running the team and may be funded by German money, but its success depends upon British engineering expertise. The cars are designed and built in Brackley while the engines are designed and built by Mercedes AMG

High Performance Powertrains in Brixworth.

A quick scan along the pit lane shows that many of the teams – such as Williams, Red Bull and McLaren – are based in Britain. Italian team Ferrari have been doing so badly in recent years there is a rumour that Ferrari is considering relocating the F1 team to the UK.

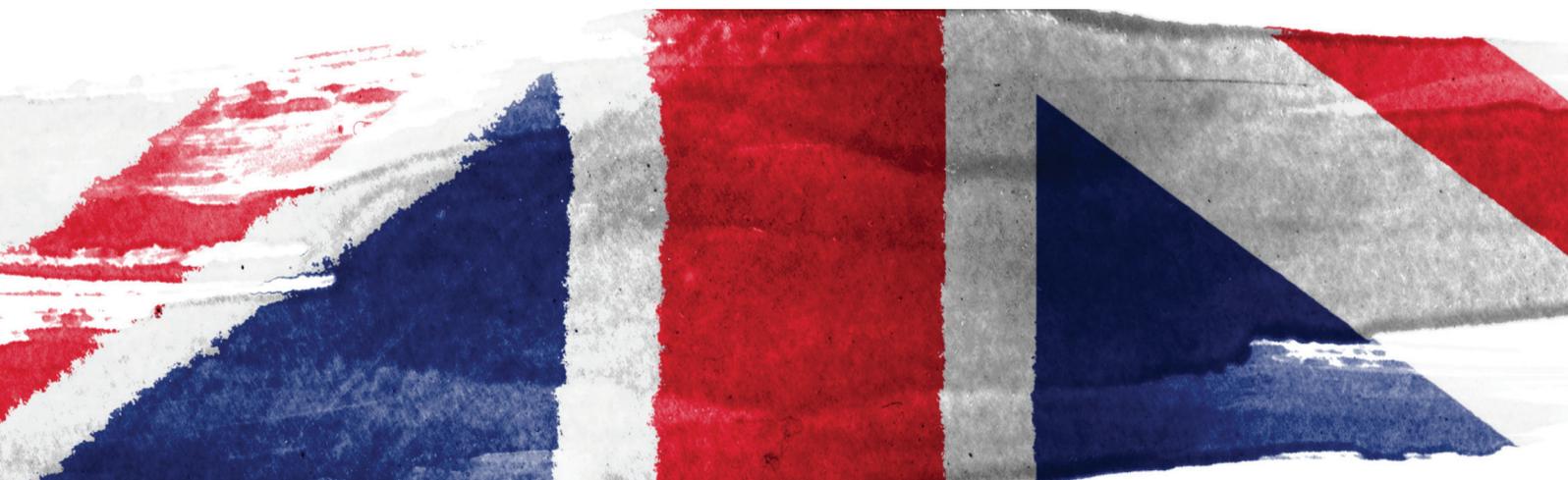
Car manufacturing in the UK is doing well with Jaguar Land Rover, BMW Mini, Bentley, Aston Martin and Rolls Royce expanding their manufacturing capacity. And anyone driving a BMW 3-series or 1-series car will probably

have an engine built in Birmingham powering their car.

This is all good news for UK plc. These large companies obviously have no problem recruiting and training the skilled workers they need. Things are, however, very different for the average SME business.

In 2014 the UK Commission for Employment and Skills carried out a survey of 91,000 UK companies and found that a lack of skilled workers meant that around one in five vacancies could not be filled. Major shortages were identified in manufacturing, construction and healthcare, and many applicants lacked basic skills like literacy, numeracy and communication. And with youth unemployment rising again it is imperative that something is done to bridge the apparent mismatch between the skills with which people leave school, college or university and the needs of businesses.

One problem is the lack of business experience at the heart of government and in the education sector. Grant Shapps is the only current government minister I could find who has set up and run his own



SME business. Most schools provide woefully inadequate careers advice, and students leave school unaware of the opportunities on offer in the workplace that might help inform their decisions about whether college and an apprenticeship may be better than university for them and for their life chances.

As we head towards a general election, the soundbites are flying thick and fast. All three major parties have stated they will increase the number and quality of apprenticeships on offer, but there is very little detail on how this will be achieved or how employers might be engaged in the process. Ed Miliband is promising to cut university tuition fees from £9,000 to £6,000 a year, which he says will be funded by reducing tax relief on pensions for high earners.

Bill Lucas, professor of learning at the University of Winchester, believes that politicians have lost sight of the importance of learning in apprenticeships. Professor Lucas is the co-author of 'Remaking Apprenticeships', a report published by City & Guilds in which he calls for apprenticeships to be 'remade'.

In a recent interview with Times Educational Supplement, Professor Lucas spoke of a need to set ambitions higher when it comes to work-based training. He said, "We must substantially alter the level of ambition attached to the word 'apprenticeship' so that it is seen to be the same as a degree."

It is a travesty that in this country so many continue to look down their noses at vocational education, and that too few young people are aware of the outstanding career opportunities available to them through alternative pathways such as higher-level apprenticeships. And according to University College London, some of the UK's most highly skilled workers are emigrating because they can earn more money and enjoy better standards of living overseas, further exacerbating the skills crisis. For the economy to continue to grow we need to upskill our workforce.

Tim Baugh

Partner
Howardsgate plc
Director, biz4Biz



GRANT THORNTON RELEASE HERTFORDSHIRE BUSINESS PERFORMANCE REVIEW



A recent report paints an optimistic picture of Hertfordshire's local economy, showing that the county's top 200 businesses have maintained their steady growth, with total turnover rising by almost 5% and even progress across virtually all sectors, writes James Laing.

Hertfordshire Limited, a report by financial and business advisers Grant Thornton, is an analysis of the economic performance of Hertfordshire's leading privately owned businesses. Compiled using the most recent publicly available accounts (as of 25 October 2014) of the county's 200 largest privately owned businesses based on turnover,

the report gives an insight into how businesses in the county have responded to the challenges and opportunities presented by a sustained global period of economic uncertainty and gleans a look at their strategies going forward.

The report would suggest that the performance of independent businesses in the county demonstrates a strong economy, with real terms growth being delivered in turnover, profitability and key balance sheet metrics. The latter shows a 6% rise in fixed assets, a clear sign of business confidence. The consolidated turnover has risen by 4.9% to £13.7 billion and earnings before interest, tax, depreciation and amortisation (EBITDA), a good proxy for operating cash generation, has grown by an impressive 7.2%.

Net current assets, after adjusting data to reduce the impact of a significant post balance sheet

refinancing of David Lloyd Leisure and a reorganisation of the Matthew Homes group of companies, have remained broadly flat in the period under review. The key working capital indicators of stock turnover and debtor days have also remained consistent year on year, implying good cash conversion from increased profitability and supported by a healthy increase in cash balances of almost 6%.

These trends can be explored in greater depth by comparing the largest 20 companies with the remaining 180 of those surveyed. The former, the Herts 20, represent 52% of turnover, which makes it clear just how strong some of Hertfordshire's indigenous businesses are. This conclusion is reinforced by comparison with some neighbouring counties. Hertfordshire's three biggest businesses deliver higher turnover than the corresponding top 100 in Bedfordshire.

The Herts 20 EBITDA is skewed by the challenges faced by David Lloyd Leisure and if this is excluded, EDBITDA shows a small growth of 2.1%. This is eclipsed by figures illustrating the Herts 180's growth, which see profitability rising by almost 24%. Even after allowing for some windfall profits accruing at Academy schools this represents year on year growth of over 16%.

This is particularly impressive given the importance of mid-sized businesses to the health and

balance of the local economy, and set against a backdrop of a 1.9% rise in employment and 5.6% increase in average remuneration. Although it is evident that the Herts 180 has been exercising caution when it comes to taking on more debt to fund growth, employment trends suggest a willingness to invest to drive a strong increase in margins. There has been a clear recovery in asset values across all segments of the economy and balance sheet liquidity has remained strong.

Because Hertfordshire Limited is now in its third year of publication we can view the 2014 report's headline results with some context, meaning that conclusions can be drawn with confidence. The data shows Hertfordshire as a business community that is consolidating the trading improvements being felt as we emerge from the recession, with both volumes and margins continuing to grow. It is a good time to be in business in Hertfordshire.



Hertfordshire LEP Chairman positive on future of Herts economy

Commenting in his foreword to Grant Thornton's annual report, John Gourd, Chairman of the Hertfordshire Local Enterprise (LEP), says that the report is "essential reading for business and policy makers alike", and that readers "will be heartened by the results here."

He reports that the business economy in Hertfordshire businesses has

continued to grow, creating more jobs than ever and is "well placed to kick on and fulfil its potential as one of the few areas [in the country] making a positive contribution to national wealth."

On his work with the Hertfordshire LEP, he states that although county receives an estimated 25% less than the region's average public

expenditure per head, the LEP have "enjoyed [their] most successful year to date in securing a £200m Growth Deal for Hertfordshire over 2015-2020" and that "we will continue to press the case [...] in order that we remain 'perfectly placed for business'."

THE FREE TRADE DEALS THAT COULD TURBO-CHARGE THE UK ECONOMY BY €10BN

Few know it, but you are all paying a secret tax. Trade tariffs and other protectionist barriers are a hidden part of the price you pay for almost everything you buy. Consider this: if we could do a trade deal between America and the EU, at one stroke we could create up to 2m jobs, turbo-charge our economy by £10bn, and cut prices in our shops – making the average British family £400 better off. That is why free trade is such a central part of the Conservative plan for a stronger economy, and why David Cameron is determined to make progress on free trade with the US, via the Transatlantic Trade and Investment Partnership, in the next Parliament.

Free trade is magic: it makes us all wealthier. As Matt Ridley has pointed out, 10,000 years ago there were between 1m and 10m people on the planet. All lived in extreme poverty. Today, we number over 7bn, but 99 per cent of us are better fed, better housed and better protected against disease than our Stone Age ancestors. How has this been possible? The answer is enterprise, capitalism, and free trade.

Currently, we have around 90 trade agreements in place, but there are still some huge holes. And our biggest gap is with the largest economy on earth: America. Our “special relationship” is under constant fire from a three-pronged attack: import tariffs, export

tariffs, and trade barriers.

First, import tariffs. Every time you buy a pair of Levi jeans, there is a 12 per cent import tax hidden in the cost. It's not just jeans: American fruit juice is taxed at 24 per cent. Even the gherkin you eat in your burger has a 18 per cent import tax slapped on it. Why do we tolerate this burger tax?

Then there are export tariffs. If a British business wants to sell to customers in the US, they are charged for the privilege. This makes it harder to compete, and harder to create jobs here at home.

Worst of all, employers have to comply with a raft of US regulations as well as our own domestic rules. This costs British firms up to \$1bn (£660m) a year: money that could otherwise be spent on hiring people or boosting wages. Because of excessive, confusing red tape, some perfectly good British products are even banned outright. It is astonishing to think there is still an import ban on haggis, British lamb, and venison in the US. President Obama, the leader of the free world, is not even allowed to buy a Scottish haggis for his family on Burns night, even though he is said to have Scottish ancestry. This must change, and a free trade deal will help.

To those worried that a trade deal with the US might threaten our National Health Service (NHS), let me offer some reassurance: our NHS



will be completely protected. The European Commission has confirmed this repeatedly, and in writing.

Think about what we could gain from a US free trade deal: new jobs, billions extra flowing through our economy each year, and British families £400 a year better off. And this is just the



start. We're also in talks with Japan, India and Malaysia. Free trade will help us to secure a better future, with full employment, where everyone has the security of a regular wage. But this won't happen automatically. We have to fight for it. And that's exactly what the next Conservative government will do.



Grant Shapps

Grant Shapps is the Conservative MP for Welwyn and Hatfield, Conservative Party Chairman and Minister without Portfolio

WE NEED TO TALK

This month I have taken up post as the new CEO at North Herts College (NHC). It's a genuine honour for me to join such an innovative and successful organisation.

I join following stints in Capita's major deals team, PwC's strategy consulting practice and the Civil Service – always focusing on education, training, business and economic development.

I'm passionate about the role that education and training can play in transforming the lives of young people, adults, and businesses, large and small. Throughout my career I've seen that transformational impact first hand.

I'm similarly passionate about the need for a different conversation between education and business. We need a conversation that starts with you - your business, your context, your challenges and your opportunities – whilst also recognising the huge social value we can create by investing in young talent.

For us, that means a conversation that goes far beyond the traditional set of products and initiatives that you'll be used to hearing about from Government. We think about our support for businesses across five distinct stages at which businesses may want to engage with young people:

1. Awareness-raising and enrichment for students in full time education. You could do this by, for example: sharing your business experience to help us create really relevant learning projects and materials; partnering with us to operate a 'learning company' that enables students to learn through running a real business; or, sponsoring educational facilities. This sort of business engagement in education makes a huge difference to the experience of our students – helping them develop the skills that they'll need in the world of work. You might see this sort of engagement as an impactful way in which to contribute to the community in which you do business.

2. Engaging with our students as they begin to think about the world of work. You could do this by, for example: delivering careers talks to students; offering open days; or, providing work experience placements for interested young people. This sort of engagement with real local businesses is invaluable as our students begin to consider which sectors, occupations and careers they may want to follow – giving them the real insights they need to make good choices. It's also a tremendous opportunity for you to start promoting your sector and business to students as a great place to work.

3. Attracting young people to work for you – and trying before you buy. Here the emphasis shifts to what we can do for you. You might not immediately think of NHC as a recruitment business; but I'm



absolutely clear that we are. Just as it's our mission to help our students to find the destination that works best for them (whether that's a job, apprenticeship or further learning) we're also here to help you find and train the people you need to grow your business. At NHC we are experts in running engagement campaigns to help you attract candidates from a diverse, talented pool – including and going beyond our own, vibrant, student population. We can deliver attraction campaigns, run selection exercises, and even help you with induction into work.

Our new **FastForward** traineeship programme is an important opportunity in this arena and is funded by Government. Traineeships give you the opportunity to host screened and trained young people in your business for up to 6 weeks of meaningful work experience before

NHC

CREATE | BELIEVE | SUCCEED

FASTFORWARD

What is FastForward?

FastForward is a government supported traineeship programme which aims to unlock the potential of young people and prepare them for their future careers by helping them to become work-ready.

Our intensive programme combines work preparation training, support for maths and English and a high quality work experience placement. FastForward gives 16 to 24 year olds the skills and experience employers are looking for, helping them secure an apprenticeship or other job in the future.

So what's expected of me as a business?

- You provide a meaningful, high quality, work experience placement, giving the young person a real insight into the world of work and hands-on experience in your business
- You can take one young person, or more, to suit your business
- Our team can provide advice and support to help you create the ideal work placement
- The placement lasts up to 6 weeks

Are there any financial costs to offering traineeships?

All training costs are met by Government funding. You pay the trainee's travel costs but not a wage.

And at the end of the placement?

Where the young person demonstrates the skills and attitudes you are looking for you can recruit them into your business at no additional cost. If you offer them an apprenticeship you could be eligible for a grant of £1,500.

There is no requirement or pressure to recruit at the end of the work placement. Where you don't offer the young person a job or an apprenticeship we ask you to hold an exit interview and provide comprehensive feedback and a reference to support their ongoing career search. Our **FastForward** team continues to work with the young person to help them secure suitable employment with another local business.

MATT HAMNETT
NHC CHIEF EXECUTIVE OFFICER AND PRINCIPAL

you interview them for permanent job roles or apprenticeships – a great way for both of you to make the right decision.

4. Delivering entry programmes which enable you to develop new talent in your business. We offer apprenticeships in everything from accountancy and management to barbering, automotive repair and jewellery design, and from GCSE to degree level. The offer is much broader and deeper than you probably imagine. I love apprenticeships: they transform the lives of young people, and they transform businesses. 96% of businesses that employ apprentices report tangible bottom line benefits.

Beyond the traditional apprenticeship offer we can also deliver bespoke training programmes, tailored to the needs of your business. That might mean delivering NEBOSH training or supporting graduate entry, management and professional programmes.

5. Supporting your employees to progress and realise their full potential in your business.

One of the biggest challenges my clients talk about is actually this: what happens after the apprenticeship or the graduate scheme? How do we help people continue to develop, progress – and stay loyal to our business? The burgeoning apprenticeship offer at higher levels is really important here – enabling employees to continue in recognised learning while they progress their career in your business. Equally important is our offer around management and the professions through which we can support your managers and high flyers to stretch themselves and the value they add in your business.

If you'd like to talk to us about how we can help you engage with, and invest in, emerging talent, telephone us on **01462 424242** or email us on **fastforward@nhc.ac.uk**



Jabbercoms
Communication Design Agency

Struggling to make social media work for your business?

Marketing matters, and the rise of social media means that getting noticed on the right channels by the right communities is now vital for growing your business. But the 'right' crowd can be harder to find than you think.

For just **£333** per month
Jabbercoms
can raise your voice above the noise

And you won't even have to think about it. We are professionals who will take all of the stress out of social media. We can maintain an engaging presence for you while growing your own online community ready for conversion into paying customers.

Tel: 0330 9001 777

Email: hello@jabbercoms.com

Twitter: [@jabbercoms](https://twitter.com/jabbercoms)

www.jabbercoms.com

NO TAXATION WITHOUT REPRESENTATION

“No taxation without representation” is a slogan originating during the 1750s and 1760s that summarized a primary grievance of the British colonists in the Thirteen Colonies, which was one of the major causes of the American Revolution. Whilst I am not in any way proposing such a revolution, what I am about to suggest is somewhat revolutionary.

The business community is a major source of revenue derived from taxation. The vast majority of employer and employee NHI contributions and workers paying personal tax (PAYE) are employees of private enterprise. Companies themselves manage the distribution and collection of the lion's share of these along with VAT and many also pay corporation taxes, environmental taxes, insurance taxes and local rates. 55% of all personal taxation is raised from only 15% of taxpayers many of these are business leaders.

Yet today, the business community remains the only under represented group in government. Why is this?

I realise as history demonstrates that landowners and industrialists no longer control government much in the way they did back in the 18th & 19th centuries, which is a good thing, but has the process of removing

such control, resulted in any better control of the taxation process and the consequent management and redistribution of our taxes?

£330Bn has been spent on quantitative easing which as we are all fully aware is the cost of bailing out the bankers. The country is now further in debt today than we were at the start of the banking crisis. The UK in particular has made large strides towards higher levels of employment in recent times, much of which has been created by the private sector in particular. Yet there are still many businesses unable to secure capital investment and the consequent cash flow support from these same banking organisations.

It is therefore particularly galling to hear politicians on both sides of the house on so many occasions point at the business community as if they are responsible for all the problems in society and demonise our sector when in fact, without the genuine efforts of the good people in the business sector, the UK economy would suffer dramatically and the government in particular may well be irrelevant.

Whilst it is clear private enterprises will always find a solution, it would be immensely useful to have the support of say a Minister for Manufacturing, tackling the methods within Government to secure the necessary

assistance required by this sector of the business community. We should also consider providing financial support for the business sector targeted via the LEPs in the form of business growth funds. Hopefully the government's positioning of the 39 LEPs across the UK is a segue into providing businesses the voice in society they so much deserve and it will help bring businesses closer to the community that they serve.



Adrian Hawkins
Co-Founder & Chairman
biz4Biz

Chairman, Weldability Sif, established 1925. Director and Trustee of the Weldability Sif Foundation, Herts LEP Main Board Director, Director and Trustee of the North Herts Studio Schools Trust.

BRING FRESH IDEAS INTO YOUR BUSINESS



**NORTH HERTFORDSHIRE
COLLEGE CAN HELP YOU
SOURCE AND NURTURE
YOUR VERY OWN FUTURE
TALENT PIPELINE**

FASTFORWARD HELPS BUSINESS

Get ahead of the competition by bringing enthusiastic young people with their fresh ideas into your business

Meet and engage with potential new recruits

Shape the skills and experience of young people from your local community, helping your business to develop a loyal and talented workforce

WANT TO KNOW MORE?

Go to www.fastforward.nhc.ac.uk and complete the short form,
or call us on **01462 424242**