



Cabinet Meeting on Wednesday 21st January 2015

Stoke-on-Trent and Staffordshire Growth Hub Update

Mark Winnington, Cabinet Member for Economy, Environment and Transport said:

“Supporting Staffordshire businesses to grow and thrive, and create more better paid jobs and opportunities for our people, is a major element of the County Council’s work to create a stronger, more diverse economy.

“Local businesses used to tell me how difficult it was to obtain grants or specialist business support, but the new Stoke-on-Trent & Staffordshire Growth Hub programme that the County Council is managing on behalf of the Local Enterprise Partnership is transforming business support in the county. It will complement our successful business loans scheme, which has helped more than 100 businesses to expand their operations.

“Simplifying access to business support and finance for small and medium-sized businesses and for new start-ups is vital for economic growth. I am pleased to hear many excellent good news stories from businesses that have received support through the Growth Hub, and urge all local businesses to make contact and see how they can also benefit.”

Report Summary:

The Stoke-on-Trent & Staffordshire Growth Hub is a new programme working to improve access to business support and finance for small and medium-sized businesses across the Local Enterprise Partnership’s (LEP) area. It builds on the successful local Business Helpline by providing face-to-face advisers employed by the Chambers of Commerce, and by focusing the activities of a wide range of external business support providers on the needs of local businesses. It has piloted two new finance initiatives delivered by external fund managers, both of which have exceeded expectations in terms of demand and job creation among local businesses.

Recommendation(s)

I recommend that:

- a. Cabinet recognises the success of the Growth Hub programme in unlocking investment and job creation among local businesses and improving cross-referral between business support initiatives, innovation and international trade support.
- b. Cabinet and the wider membership help to promote the Growth Hub services to local small and medium-sized businesses by raising awareness of the business helpline.

Local Members Interest	
N/A	N/A

Cabinet – 21st January 2015

Stoke-on-Trent and Staffordshire Growth Hub Update

Recommendations of the Cabinet Member for Economy and Infrastructure

- a. Cabinet recognises the success of the Growth Hub programme in unlocking investment and job creation among local businesses and improving cross-referral between business support initiatives, innovation and international trade support.
- b. Cabinet and the wider membership help to promote the Growth Hub services to local small and medium-sized businesses by raising awareness of the business helpline.

Report of the Deputy Chief Executive and Director for Place

Reasons for Recommendations:

1. The Stoke-on-Trent & Staffordshire Growth Hub is a new programme working to improve access to business support and finance for small and medium-sized (SME) businesses across the Local Enterprise Partnership's area.
2. The establishment of the Growth Hub is part of the City Deal secured from Government earlier this year. It is a Stoke-on-Trent & Staffordshire Enterprise Partnership project, with Staffordshire County Council taking the lead role in managing delivery of Growth Hub activities (Stoke-on-Trent City Council is the accountable body for a grant programme, Innovative Growth in Stoke-on-Trent & Staffordshire, also secured as part of the City Deal).
3. Funding for Growth Hub activities is provided from the Government's Regional Growth Fund, under grant contract with Lancaster University. Lancaster University is working with 15 new growth hubs across England, of which ours is one (all areas which negotiated "Wave 2" City Deals were eligible for support to establish growth hubs).
4. Our Growth Hub is ensuring that local businesses can invest and create jobs. We are doing this by addressing specific gaps in business support and finance, and improving relationships between external business support providers. In particular, the Growth Hub is improving links between local business support providers and national initiatives that offer business, innovation and international trade support.
5. In summary, there are two main functions of the Growth Hub: business advice and co-ordination activity; and direct business support.

Business Advice and Co-ordination Activity

6. The Growth Hub uses the existing single point of contact for business advice in the Stoke-on-Trent & Staffordshire area, which is the Business Helpline 0300 111 8002. A business may make contact with the helpline in several different ways. It may call the helpline directly. It may be referred by an intermediary, such as its accountant, or one of a wide range of business support providers. Or it may be contacted proactively by a member of the Growth Hub team. If the issue is simple, the business helpline will resolve it immediately, but many issues are more complex and are referred to the Growth Hub team.
7. Advisers from one of the local Chambers of Commerce will meet each business at their own premises to talk face-to-face, analyse what help they need and direct the business to appropriate support programmes and funds.
8. For continuity and to make best use of resources, the advisers at the Chambers are contacted through the Business Helpline.

9. Subsequent referrals to partner organisations will be made, and follow-up support such as assistance in completing funding applications will take place. All referrals to third party business support providers are recorded and feedback is sought to help improve the service.
10. The funding agreement with Lancaster University provided a target for the Growth Hub to engage with 1,300 businesses during the 12-month pilot (April 2014 to March 2015). The Growth Hub is on track to exceed that target and engage with at least 1,500 businesses.
11. The Growth Hub team has provided advice and signposting on a very wide range of issues. Popular topics include financial support (e.g. grants, loans or equity) and specialist support (e.g. start-up advice, export support, innovation advice). Often, the Growth Hub adviser will uncover other issues that the business may not have been aware of, or may not have acknowledged (for example, a business seeking grant funding may actually need to address late payment by customers). Other topics range from support to move premises or best practice with resource efficiency and regulation. In many cases, the Growth Hub advisor will assist the business to access appropriate support delivered by a wide range of organisations.
12. One beneficiary of support from the Growth Hub advisory service is Healthcare Licensing Support Ltd, a newly formed business based in Cannock that verifies medical professionals' suitability to practice. Wendy Bailes, managing director, said: "The services we provide are extremely specialised and although we have extensive knowledge around the services we provide, running a business is completely new to me. Our director of operations, Julie Bullock, got involved with the Growth Hub programme via the Chamber. The Chamber advisor completed a simple diagnostic form with Julie, and she's since attended successful meetings regarding grant applications, business mentoring, and business advice. The Chamber has booked us onto lots of networking sessions that will help increase our knowledge base of running a successful business. Both Julie and I were extremely pleased after our meetings as we found it gave us the confidence that what we are doing is right by our business. Additionally, the reassurance that there is someone at the end of a telephone to provide support if you find yourself in a difficult situation is priceless. I cannot stress enough how helpful and supportive this service is."
13. The Growth Hub maintains relationships with a wide range of local and national providers (hence the term "hub") to simplify and co-ordinate access to relevant support for local businesses. The business helpline contractor, Winning Moves Ltd, provides a facilitation role for the Stoke-on-Trent & Staffordshire Enterprise Round Table, which is a knowledge exchange partnership for local providers of business support and finance.
14. To provide seamless delivery all of the existing Chambers of Commerce across Staffordshire has formally linked for the first time to deliver the Growth Hub. The Chambers have formed a new legal entity (Staffordshire Chambers Enterprise Ltd) for this purpose.

15. There is a particular emphasis on three national business support initiatives funded by central Government: Growth Accelerator (which supports businesses with the potential and ambition to grow rapidly), the Manufacturing Advisory Service, and UK Trade & Investment (which supports businesses to export goods and services). As part of Staffordshire County Council's role in managing the Growth Hub, we are co-ordinating "case conferences" where those three national business support providers consider the needs of individual client businesses and ways in which they could enhance the support they provide or refer clients to each other for additional support.

Direct Business Support

16. The Growth Hub has created two new funding programmes: one to address gaps in small grant aid, and one to unlock private investment in local firms with high growth potential.
17. The Small Business Grant Fund (SBGF) is managed by the Staffordshire & Black Country Business Innovation Centre Ltd, and is a financial programme addressing gaps for small and start-up businesses. The SBGF offers support to businesses unable to access grants from other sources. Often, this will be businesses operating on a business-to-consumer basis (where they are creating new economic activity) which are not eligible for support from European Regional Development Fund (ERDF) grants. There has proved to be significant demand for this fund and as promotion has increased grant take up has escalated.
18. The SBGF has a total grant budget of £250,000 to be invested by March 2015. Demand has been such that the fund is almost entirely invested at the time of writing, ahead of target.
19. Businesses applying to the SBGF are expected to create additional employment. The fund manager has positioned the grants as suitable for businesses where a job will be created within three months. Overall, the fund aims to support businesses to create a total of at least 50 jobs over the next two years. However, demand has been so strong that the fund manager anticipates that over 100 jobs will have been created as a direct result of the SBGF.
20. One beneficiary of the SBGF is Lyme Communications Ltd, a Newcastle-under-Lyme company specialising in creative public relations and copywriting. Danielle Bourne, company director, said: "The business has grown to the stage of requiring space to accommodate an additional employee, and the grant will really help to take this next step in our expansion. Being successful is all about standing out from your competition and communicating your value to the right people. We have the experience and contacts to achieve targeted press and media coverage for small start-ups and also larger, more established businesses, helping them to boost their profile and build their brand."

21. The second element of direct support is also a new finance initiative, the High Growth Investment Programme (HGIP). The HGIP aims to support businesses that are capable of achieving rapid growth, perhaps by commercialising a new product or service. At the same time, it aims to embed early-stage equity finance in the LEP area. The fund manager for the HGIP, Blue Sky Corporate Finance Ltd, is working in partnership with a business angel group called Minerva, with the aim of attracting more private investment into local businesses.
22. We recognised that it would likely take longer to develop applications to the HGIP, validate proposals, and undertake due diligence. In particular, the fund aims to attract private investment worth at least three times the value of any grants it invests, and it takes time to ensure that viable co-investment is secure. We anticipated that the HGIP would take longer to invest its grant budget, a total of £320,000. However, progress with this fund has also exceeded expectations, and the fund is also almost entirely invested.
23. Jobs created as a result of HGIP grants are, though, likely to take longer to be filled than those created as a result of SBGF grants. Rather than filling such posts within three months, it is likely that jobs will continue to be created over the next two years. The HGIP target is to create at least 50 new jobs. Demand from viable businesses has been such that the fund manager anticipates that closer to 100 new jobs will actually be created.
24. One beneficiary of the HGIP is Kamm Design Ltd, also based in Newcastle-under-Lyme, which is developing an advanced, tailor made bicycle for triathletes. Martin Meir, managing director, said: “We want to be able to provide a highly innovative product that enables us to fulfil the demands of the growing triathlon market. The funding we have secured through the High Growth Investment Programme will now enable us to further develop a ground-breaking product and put the area on the map as a provider of excellence in this sector.”
25. The third element of direct support brings together specialist business support in a suite of initiatives known as the SME Growth Programme. The programme includes targeted start up support building on an established enterprise coaching programme that had previously been available only within Stoke-on-Trent and Lichfield. It includes a series of workshops targeting supply-chain businesses to improve their capacity and capability of competing for tender opportunities. It includes very small grant subsidy for businesses preparing to export goods or services, delivered in partnership with UK Trade & Investment (for example, to help businesses access trade shows or to translate materials for relevant markets). And it also ensures that other relevant activity such as the County Council’s investment in the Staffordshire Business Loan Fund, are connected as “spokes” of the Growth Hub.

Summary

26. To date, during its pilot year, the Stoke-on-Trent and Staffordshire Growth Hub has exceeded expectations, both in terms of the financial and output performance of the direct support elements, and (arguably more importantly) in terms of reinforcing practical working relationships with partner organisations that deliver business support and finance across the LEP area.
27. Lancaster University has selected our Growth Hub as a case study, and is producing analysis to complement local evaluation of the project.
28. For 2015-16, we have secured further funding to continue the Growth Hub co-ordination activity including the business helpline and to contribute to the costs of the Chamber's team of advisers. These funds have been secured from the Department for Business, Innovation & Skills as part of the Growth Deal. Funding is not available from that source to continue the SBGF or the HGIP, but other opportunities will be pursued.
29. Beyond March 2016, the LEP has identified an indicative allocation within the European Structural & Investment Funds strategy (i.e. from the LEP's available sum of European Regional Development Fund). To be eligible for support from these sources, all future activities must be commissioned through open procurement, and funds must be matched by contributions from other sources. Evaluation of the pilot year (2014-15) of the Growth Hub, and refinement during 2015-16 will ensure that the commissioning of future activity is robust and continues to enhance and strengthen provision of business support across Stoke-on-Trent and Staffordshire.

List of Background Documents

1. Summary Community Impact Assessment
2. Annex 1 – Costs of Growth Hub

Report Commissioner: Steve Burrows

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Summary of Community Impact Assessment (including a Health Impact Assessment if applicable) for the Stoke-on-Trent and Staffordshire Growth Hub Update

	Impact Assessment	
SCC's Priority Outcomes & Impact Areas	Impact: (positive / neutral / negative)	Provide brief detail of impact
Prosperity, knowledge, skills, aspirations	Positive	The whole rationale for the Growth Hub Programme is to create growth in local businesses, raising prosperity and aspirations, building knowledge and skills, ensuring at least £3m investment in local businesses and the creation of at least 135 jobs.
Living safely	Neutral	
Supporting vulnerable people	Neutral	
Supporting healthier living	Positive	The proposals will improve the overall prosperity of Staffordshire which will have a positive impact on the health of Staffordshire people.
Highways and transport networks	Neutral	
Learning, education and culture	Positive	The programme will link local people with opportunities for skills and capacity building relevant to entrepreneurs start up and existing businesses.
Children and young people	Positive	The proposals will create new employment opportunities for young people
Citizens and decision making, improved community involvement	Neutral	
Physical environment including climate change	Neutral	
Maximisation of use of community property portfolio	Neutral	

Equalities Impact	Impact: (positive / neutral / negative)	Provide brief detail of impact
Age	Positive	The proposals will encourage skills development across Staffordshire and increase employment opportunities for Staffordshire people. The Growth Hub Programme will help engage local people with external programmes targeting disadvantaged groups including younger and older people seeking to start their own business.
Disability	Neutral	The Growth Hub programme will enhance access to programmes of business support for all local people including those traditionally disadvantaged through disability.
Ethnicity	Neutral	National research indicates that there are higher unemployment rates for some BME communities which could be addressed by the proposals.
Gender	Neutral	The proposals seek to benefit the whole of Staffordshire.
Religion / Belief	Neutral	The proposals seek to benefit the whole of Staffordshire.
Sexuality	Neutral	The proposals seek to benefit the whole of Staffordshire.
Impact / Implications		
Resource and value for money (in consultation with finance representatives)	The Growth Hub Programme will operate within a fixed budget of £1.1m secured from external funds (Regional Growth Fund managed by Lancaster University). The Programme is split into deliverable elements. Delivery of core elements has been procured by open tender, for	

	<p>example the procurement of fund managers for two new grant programmes. This helps to maximise value for money. Financial performance is monitored by the County Council and LEP and is reported at least quarterly to Lancaster University and the Regional Growth Fund. The Programme will lever investment into local businesses from the private sector worth at least £1.6m.</p>
<p>Risks identified and mitigation offered (see corporate risk register categorisation)</p>	<p>The legal agreements between the County Council and delivery partners including the Chambers of Commerce and fund managers will mitigate against potential risks to the delivery of the projects.</p> <p>High level risks and associated resource management are considered through the Growth Hub Steering Group and the LEPs Business Growth and Innovation Group and are considered as part of quarterly reporting.</p> <p>The Growth Hub Programme is part of the City Deal and is therefore monitored and considered as part of the management of delivery of that wider programme.</p>
<p>Legal imperative to change if applicable (in consultation with legal representative)</p>	<p>None.</p>

Report Commissioner: Steve Burrows, Commissioner for Business and the Enterprise County