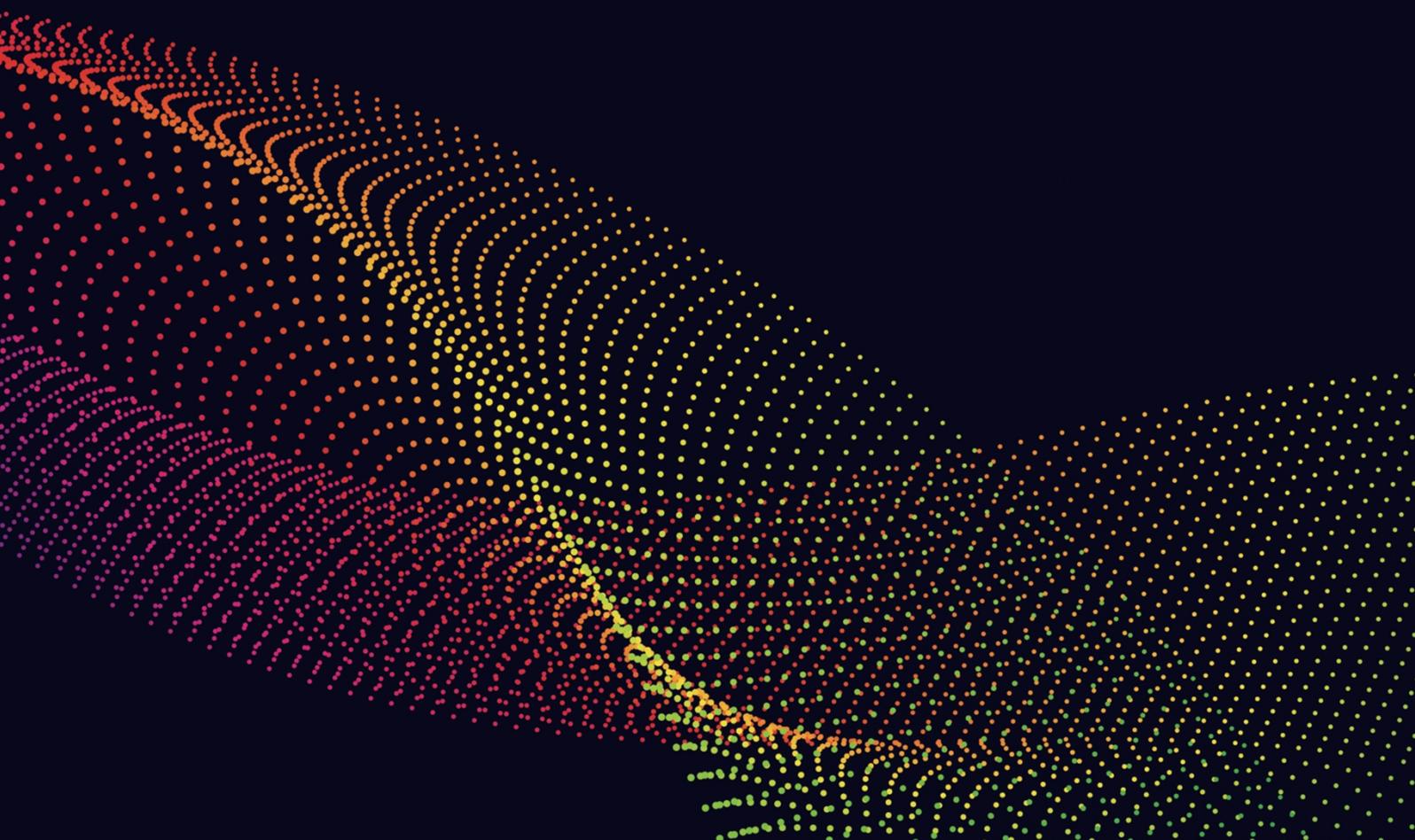




PERIODIC EVALUATION OF THE LEEDS
CITY REGION ENTERPRISE
PARTNERSHIP GROWTH SERVICE

A Report to the West Yorkshire
Combined Authority
September 2019



EXECUTIVE SUMMARY

The Leeds City Region (LCR) Growth Service, launched in July 2015, is at the heart of the Local Enterprise Partnership's (LEP's) business support model to simplify the offer for businesses. It acts as the focal point for all new and existing business support products and services across the LCR. The target group for support are those SMEs that want to grow, but it also has a helpline to signpost any business to relevant support that is available. This report provides a periodic evaluation covering the period from April 2018 to March 2019. It builds on earlier evaluations undertaken by Kada Research in 2016, 2017 and 2018.

CONTEXT

The purpose of the evaluation is to help to ensure The Growth Service team is able to continue to track progress effectively, make the most of limited resources by targeting businesses with genuine growth prospects and, most importantly, help meet the LEP's inclusive growth and productivity ambitions. The evaluation involved a review of progress to date, discussions with stakeholders, a business survey, case studies and a review of monitoring and evaluation arrangements. Chapter Two describes the approach in more detail.

Growth Hubs were introduced for two principle reasons. Firstly, they aim to address a market failure of businesses not knowing where to go for support. Secondly, they were designed to simplify what has become a confusing and fragmented picture of business support. The LCR's Growth Hub is referred to as The Growth Service.

The Growth Service concept fits well with LCR's desire to support economic growth and refreshed Strategic Economic Plan (SEP): *"to drive up productivity, growth and employment through an environment that enables businesses to start-up, innovate, trade and invest"*. The emphasis in the LCR is on providing a business-led service meeting the changing needs of enterprises. The SEP notes that The Growth Service *"will continue to be the route for delivering high quality support in the City Region, with an ambition to expand its reach to greater numbers of SMEs and to enhance products and services where it is clear it will add value"* (p64).

The LEP/WYCA is in the process of drafting a new inclusive Industrial Strategy and merging with the York, North Yorkshire and East Riding LEP. The UK's decision to leave the European Union (EU) will result in the loss of regional aid and create some uncertainty until a domestic successor is developed. This also provides an opportunity to explore local funds including business rates and successor funds such as the UK Shared Prosperity Fund.

THE DELIVERY MODEL

Businesses can access The Growth Service via a number of routes including a telephone helpline, the LEP's web platform, and directly at events. The central team based in Leeds responds to enquiries from all businesses including start-ups and large businesses. The team of 13 (10.5 FTE) SME account managers are based in each of the Local Authority areas in the City Region except Barnsley, and proactively and impartially manage relationships with growth-oriented SMEs introducing them to the right products and

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services at the right time in their growth cycles. The Growth Managers' (GM) salaries are funded equally between the LEP and Local Authorities.

In addition to national and regional programmes the SME support offer has increased significantly over this last year or so has included a range of activities covering business growth, innovation, resource efficiency, digital and start-up (see Chapter One).

A business panel with several owner managers of SMEs called the Business, Innovation and Growth (BIG) Panel has strategic oversight of The Growth Service's activities and reports directly to the LEP board.

PERFORMANCE

The Growth Service has supported 2,920 growth businesses between April 2018 and March 2019 (up from 2,450 last year). This includes 695 businesses that have received in-depth support from the GMs (against as target of 630) compared to 633 last year. These figures compare to a target of 2,750 growth businesses supported for that financial year (it has therefore reached 106% of the target total). Since the start of the programme in July 2015 to March 2019, Helpline and GM services have made 15,821 referrals, taken 5,504 helpline enquiries and supported 8,667 GM clients (note there may be some duplication in these figures for instance where a company has been supported more than once).

The infographic at the end of this summary shows what enquiries were received. The Growth Service has made a very diverse range of referrals too. It is encouraging that 78% of account managed businesses and 71% of all respondents are likely or much more likely to access future business support having engaged with the LEP.

BUSINESS IMPACTS

Given the fact that this is a referral service you might not expect businesses to self-report the achievement of many commercial impacts. But the second infographic shows that around one third of businesses have created jobs (44%) and/or increased turnover (31%) already as a result of the support received through The Growth Service. A key finding is that the impacts have improved considerably over time. 68% of account managed businesses now feel more likely or much more likely to meet their growth aspirations as a result of engaging with the LEP, compared to almost two thirds (63%) of all respondents. Indications are that many of the impacts are additional too, with low levels of deadweight reported (see additionality infographic).

As may be expected the experience of key account managed (KAM) companies receiving in-depth support was generally better than those supported through the helpline though performance has dipped a little. 70% of account managed businesses would be willing to recommend The Growth Service compared to 67% of all respondents. The ratings generally for the helpline have shown a noticeable improvement over time.

DELIVERY OBSERVATIONS

This Hub and Spoke model is well aligned to the LEPs business make up and spatial distribution and offers the right balance. It allows GMs to have a local presence and talk face to face with businesses. Overall the GM model appears to work well. As well as securing match funding the model allows GMs

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to offer local incentives and support and make relevant and effective referrals. There is scope to share expertise more across districts and track referrals better. The helpline team was claimed to be effective and it is worth exploring whether there are new channels or technologies they might embrace.

There is an opportunity to refresh the structure of website which is a bit dated. It could be more inspirational and engaging and less product led and based around themes and business maturity.

Integration with the wider business support landscape was good especially for LEP products. LCR business support networking sessions are useful as means of bringing people together and the Growth Hub team works hard to update all partners. The relationship with the national Business Support Helpline is good, data sharing agreements have been reviewed and pre-starts are referred to them. The free national online content and support service is easy to navigate and relevant and a useful free tool but it could be promoted better. There is an opportunity to use them more for instance by drawing on some of their wider support intelligence.

In terms of products and services the broad areas that businesses typically needed support with are well covered with many of the products launched in the last year or two coming to maturity. It took time to raise awareness of these through referral networks but the quality and flow of enquires has improved.

Business are being referred to on-line content from BEIS to them understand how leaving the EU might affect their business and what they can do to prepare. But if there is a prolonged slow down or crisis this might not be sufficient and the LEP has developed a suite of new programmes to respond. A national response around cashflow from BEIS and HMRC to deal with Brexit would be helpful. The team has been piloting some work with HMRC on Scale Ups, has an MoU with Innovate UK and is deepening links with Catapults. There is potential for greater absorption of IUK funds within the City Region.

A Business Communications Group provides oversight on business engagement, marketing and communications activities undertaken. Partners at the Business Communications Groups would welcome the opportunity to provide updates about their products. They would also be happy to inform new policies with views from their members/stakeholders. Refreshed proactive campaigns and messaging related to business support should be considered as The Growth Service has suffered from a lack of dedicated marketing resource.

BEIS would like all Growth Hubs to improve the quality and consistency of data. There is a desire to enhance business support IT systems to enhance company support and referral data.

Stakeholders were happy with the governance of The Growth Service through the LEP/Combined Authority which was thought to be transparent. The strategic direction offered by the BIG panel works but they could be used more as a sounding board. The team wish to use the monthly team meetings more as a platform to share good practice and promote professional development including SFEDI qualifications. A themed approach to business support might help GMs offer a better customer journey that is less product oriented. Whilst there is no requirement for a formal diagnostic the consistency of engagement could be enhanced through some standard questions. The Growth Hub reporting requirements for the various funding bodies and governance structures could be better aligned.

The relationship between The Growth Service and Whitehall has matured with greater autonomy and less government-imposed conditions. Though the longevity of funding remains an issue with only 2-

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year core funding cycles being confirmed. There is a desire to deepen relationships with strategic partners such as the Chambers and FSB through new memoranda of understanding. This might encourage more referral to partner products and services.

The team have worked with private intermediaries and professional services via pop-ups and other means including the 'professionals perspective' sessions. It is recognised that a continuous approach with professional services is required so the LEP is constantly on their radar. The team is keen to build on the positive experience of the pop-up cafes and review their format and frequency.

THE FUTURE

The LEP is well placed to exploit the UK Shared Prosperity Fund (SPF) which is anticipated to replace EU funding but there is an urgent need for more clarity about the SPF so that appropriate preparations can be made to align this with local industrial strategy priorities. Partners would like to explore the potential of business rates retention. This might allow The Growth Service to be more tailored to local rather than changing national priorities. Greater autonomy over national programme budgets is highly desirable. This might help to mitigate the effects of the lack of a devolution deal, reducing EU funds and small-scale core funding. There is potential for a final push on EU funds to 2023.

Future funding needs to be directed towards (a) supporting the Growth Hub as single point of contact and (b) support for bespoke programmes to assist firms. There is potential for greater consideration of sectors, supply chains and clusters and productivity support could become more mainstream following the pilots and in line with industrial strategy. Partners would like to build strong networks so that the voice of businesses is harnessed more across the LEP. There should be a commitment to inclusive growth from supported companies. There is a desire to continue the preparations for new Brexit products and ensure there is sufficient resource devoted to International Trade. It is essential The Growth Service avoids a 'big gap' in support and continues to build on the successes it has had in the last few years.

CONCLUSION

The Growth Service adds value by offering impartial support and signposting and making strategic connections. Access to a GM network to provide a Key Account Management (KAM) service helps firms engage with product and services and keeps them in the loop for future developments. The Growth Service offers a single access point and there is nothing similar available.

One advantage of the strong local authority links is that The Growth Service can be aligned and embedded into many business support services. The Growth Service has deepened its reach and the number of firms worked with more intensively. It has innovated well, made strong business support alliance and responded to shifting business requirements and an emerging inclusive growth agenda. There are always more and deeper connections that can be made but the LCR has achieved exceptional reach targeting both fast growing businesses and those looking to enhance productivity more widely.

Satisfaction levels have dipped a little so it is important that as it expands the quality and consistency is maintained and enhanced. Whilst the offering is currently quite comprehensive medium-term uncertainty around the future shape of business support in the transition from EU funds to the UK Shared

Prosperity Fund remains. These change circumstance bring new challenges and opportunities to ensure the voice, needs and health and resilience of local firms is considered.

RECOMMENDATIONS

The BIG Panel may wish to consider the following **strategic** recommendations.

- I. Assessing the challenges and opportunities for business support for the new LEP footprint during the transition period e.g. whether there is scope for GMs in York, North Yorkshire and East Riding LEP.
- II. Continued lobbying for devolution and/or business rate retention and greater autonomy over programme budgets (Innovate UK (IUK) funds for instance).
- III. Adopting appropriate measures to continue to pursue the twin objectives of inclusive growth and Scale Up potential including the application of learning from pilots and assessment of impacts in both areas.
- IV. Consider extensions to the current suite of ERDF projects where desirable the maximise the final tranche of EU funds.
- V. Approve a new suite of products to deploy in the event of a prolonged slow down or crisis including a Brexit transition grant, capital funding for business growth, and additional internationalisation support.
- VI. Lobby for a national response around cashflow from BEIS and HMRC to deal with the effects of Brexit and greater clarity about the operation and contents of the UK Shared Prosperity Fund (SPF).
- VII. How it [the BIG Panel] could be used more as a sounding board to discuss new ideas, policies etc.
- VIII. How the LEP could secure commitments to inclusive growth from supported companies and support could be more challenging in terms of requiring firms to improve their productivity.
- IX. How the LCR can build on its Memorandum of Understanding (MoU) with IUK to promote greater absorption of IUK funds.

The Growth Service team may wish to consider the following **operational** recommendations

- I. Whether there is potential to share GM expertise across districts.
- II. Exploring new channels or technologies to meet changing business needs.
- III. Ensure all GM referrals have a named person that can be contacted. Ideally at least one update of the referral outcome will be sought/provided.
- IV. A refresh to the structure of website to offer inspirational and engaging themes that meet the needs of business that are at different stages of maturity. (Business requested greater simplicity).
- V. Further promotion and exploitation of the National Business Support Line and its content where it meets local requirements.
- VI. How the helpline might identify those firms with productivity or Scale Up potential.
- VII. Refreshing SME campaigns and messaging and securing a dedicated resource for marketing so that it is less reactive and better able to capture the voice of business.

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- VIII. Using the monthly GM team meetings as a platform to share good practice and promote a big picture understanding of strategic policies and themes (innovation, internationalisation etc).
- IX. A Service Quality Enhancement Plan should be developed with for example the promotion of professional development standards such as SFEDI qualifications to enhance the consistency and quality of service provision amongst GMs.
- X. Better alignment of the timing and content of Growth Service reports for the various funding bodies and governance structures.
- XI. Deepen relationships with strategic partners such as Chambers and the FSB through new MoUs and boosting referral to wider products and services offered by partners.
- XII. How the Business Communications Group will update intelligence about products they offer and provide feedback to inform policy.
- XIII. A follow-up keep in touch call for supported businesses.
- XIV. Build on the success of the pop-ups reviewing their format and frequency.

LEEDS CITY REGION GROWTH SERVICE

12 MONTHS (APRIL 2018 – MARCH 2019)

WHO HAS BEEN SUPPORTED?

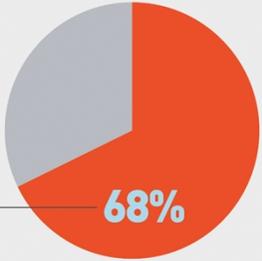
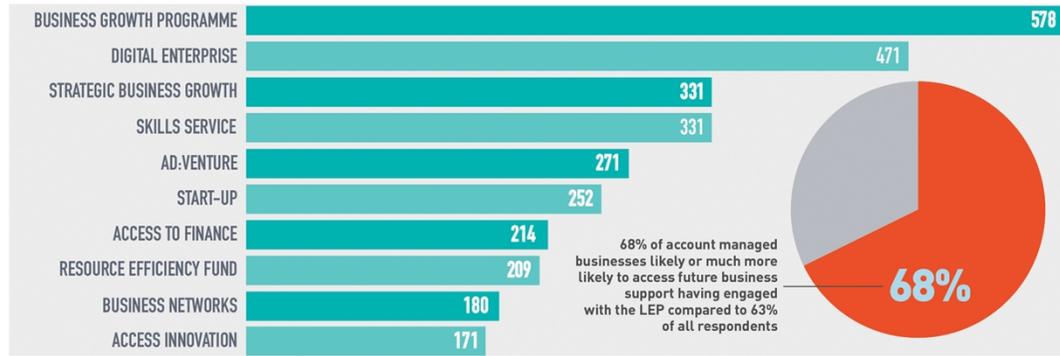


WHAT DO BUSINESSES IN THE LEEDS CITY REGION WANT?

TOP ENQUIRIES:



TOP 10 REFERRALS



LEEDS CITY REGION GROWTH SERVICE

12 MONTHS (APRIL 2018 – MARCH 2019)

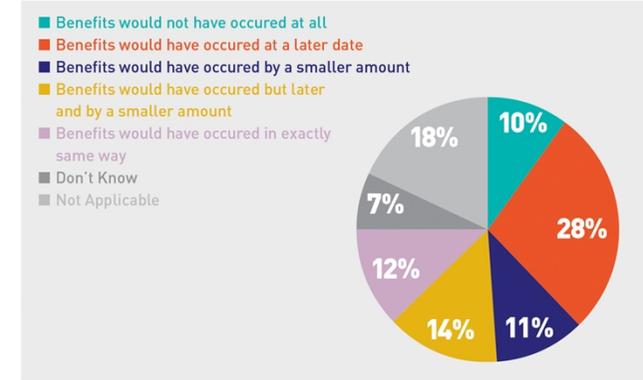
IMPACTS



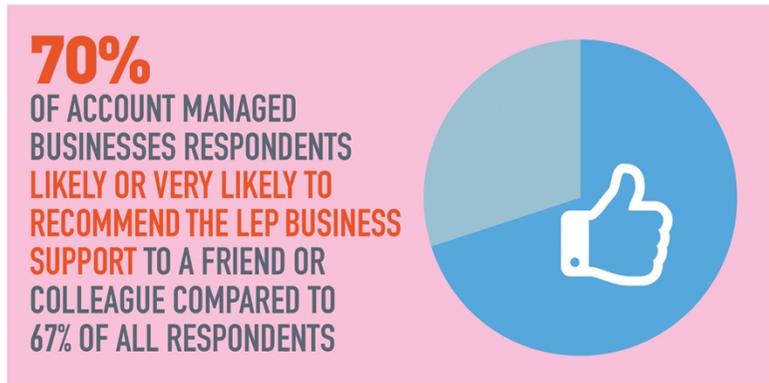
COMMERCIAL IMPACTS

	Achieved already Helpline	Achieved already KAM
INCREASED PRODUCTIVITY	15%	38%
INCREASED TURNOVER	17%	31%
CREATED JOBS	15%	44%
SAFEGUARDED JOBS	11%	42%
INCREASED PROFIT	11%	22%
IMPROVED EMPLOYEE SKILL LEVELS	15%	26%
ENTERED / DIVERSIFIED INTO NEW MARKETS	11%	12%
NEW PRODUCTS OR SERVICES	9%	22%
RAISED FINANCE	7%	26%

STRONG ADDITIONALITY



WHAT WAS THEIR EXPERIENCE?



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