

Report to: Business, Economy, and Innovation Committee

Date: 12th July, 2022

Subject: **Future Business Support Model**

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| Is this a key decision? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Does the report contain confidential or exempt information or appendices? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | |
| Are there implications for equality and diversity? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

1. Purpose of this Report

- 1.1. To update the Committee on progress towards reshaping and reinvigorating the Growth Service (Growth Hub), following identification of this by the Committee as a priority action at its meeting on 29 March 2022.
- 1.2. To seek further input, advice, and guidance from the Committee on the ongoing development and redesign of the Growth Service for delivery from April 2023 onwards.
- 1.3. To seek endorsement from the Committee for the Growth Service to continue to progress through the Combined Authority's Assurance Framework.

2. Information

- 2.1. The Growth Service is the underpinning infrastructure for business support in West Yorkshire and since July 2015 has supported over 20,000 different businesses. It is one of 38 Growth Hubs in England and is widely regarded as an exemplar model of integrated 'hub and spoke' support, with the Gateway

Service delivered by the Combined Authority and the team of 20 SME (Small and Medium Enterprises) Growth Managers funded by the Combined Authority and embedded within Local Authority delivery teams.

- 2.2 The Growth Service provides the key access point into what remains a complicated business support landscape. The Gateway and Growth Manager functions support this by providing access to the right support, at the right time, to support SMEs' growth and resilience plans. An independent evaluation of the service in 2022 highlighted that customer satisfaction with the service is very high, with 87% of businesses satisfied or very satisfied. Satisfaction has risen considerably from 61% in 2015/16 when the Service was first evaluated. Please see infographic in section 11 – Background Documents – for more of the recent evaluation findings.
- 2.3 The recent evaluation featured examples of businesses that had benefitted from support, including: -
- A Kirklees based food and drink manufacturer said, *“Over the last few years, we have received a range of support from the Local Enterprise Partnership and our Growth Manager. They have helped us with access to resources, grant support and specialist advice, as well as training on business planning and marketing. We really value the support we have received and how it has helped us to sustain and grow our business, create more jobs, and better engage with our local schools and community.”*
 - The CEO of a small creative and digital business said, *“The service is crucial in helping businesses access much needed support which they otherwise would not be aware of. For our company, this support meant the difference between survival and failure during the pandemic.”*
- 2.4 In 2021, an unpublished independent economic impact evaluation by ADD consultants found that firms supported by the Growth Service created considerably more jobs (an average of 1.98 increase) than the average across the region (average decrease of 0.12 jobs). The research team that undertook the study concluded that the Growth Service represents excellent value for money with a Benefit Cost Ratio of 22:1.
- 2.5 To date, the core Growth Service has been predominantly funded by the Government via the Department for Business, Economy, and Industrial Strategy – BEIS). It has also accessed some funding from the European Regional Development Fund (ERDF) and the region's Local Authorities, that employ and host the Growth Managers. BEIS reduced Growth Hub for 2022/23 by 50% (with two days' notice) and ERDF funding finishes at the end of 2022/23. This sudden and unexpected cut in BEIS funding was mitigated by the CA planning ahead for all possible scenarios, which has enabled the service to continue this financial year.
- 2.6 Ongoing uncertainty about the future of BEIS support for Growth Hubs, coupled with the current vacuum in relation to national policy on business support, means that local / regional solutions to the funding of the service, and

the range of products that businesses can access from it, was identified by the Committee as a key priority at its meeting in late March 2022.

2.7 A revised delivery model has been in development since the Committee identified the importance of supporting the core business support infrastructure in West Yorkshire. The core model consisting of a central gateway function and Growth Managers hosted by West Yorkshire Local Authorities has been consistently supported by independent evaluators and regional stakeholders. However, to build on the successes of the current delivery model and meet the changing needs of the region and its businesses, the following key themes are being considered:

- **Access** – A clearer single access point, which recognises recent geographical and organisational changes, for SMEs to access the support they need to grow and / or become more resilient.
- **Reach and Inclusion** – To increase the reach of the service to a wider and more diverse SME audience, and across all communities in West Yorkshire through clearer identity, messaging, communications, and a revised approach to events which will focus on more disadvantaged areas and underrepresented groups .
- **Effective Targeting** – A data-driven approach involving market segmentation and targeting underpinned by innovative technologies, new communication channels and a new CRM (Customer Relationship Management) system and website.
- **Private sector engagement** - a refreshed approach to engagement with the professional services sector to expand the reach of the service and partnership approach to fill gaps in provision.
- **Flexibility** – A flexible delivery model enabling the service to respond effectively to new economic challenges and potentially to increase provision according to future demand and to address emerging priorities (eg. alternative business ownership models and EDI (Equality Diversity and Inclusion) initiatives based on data on the reach and take-up of services).

2.8 The revised delivery model, at a headline level, is being taken through the initial stages of the Combined Authority's Assurance Framework process. The first stage, the Strategic Assessment, was considered at a meeting on 30 June 2022. Following that meeting a more definitive ongoing timescale will be confirmed and a more detailed business case will be developed incorporating input, advice, and guidance from the Committee.

3. Tackling the Climate Emergency Implications

3.1. The current increases in energy costs has resulted in significant interest from SMEs in measures that can reduce costs. Growth Managers currently play a key role in supporting SMEs to incorporate energy-saving measures as part of wider plans to grow or become more productive. The new Growth Service model is being considered in close consultation with the development of a new programme of Climate Readiness measures (currently going through CA

assurance processes), which involves a package of SME support to tackle the climate emergency.

4. Inclusive Growth Implications

- 4.1 Area-based deprivation data is analysed against the locations of the businesses supported by the Growth Service. Early indications show that 33% of businesses supported were from the 20% most deprived parts of the region. More analysis will be undertaken to refine this data which will also help to target future interventions.
- 4.2 A revised approach to events will be implemented with the objective of engaging businesses across the whole of West Yorkshire, particularly those in more disadvantaged areas and those that are outside of the main towns and cities.
- 4.3 The Service is the entry point into grant funding provided by the Combined Authority and its partners. Businesses that receive grant funding from the CA are asked to make Inclusive Growth commitments that are proportionate to the value of the grants received.
- 4.4 The service has been exploring how best to support businesses to fully understand the range of business structures available to them, including cooperatives and social enterprise. The Co-operative Economy 2018 report states that 80% of co-operative businesses survive the notoriously challenging first five years, compared to 44% of other businesses. It is, therefore, important to ensure that our businesses fully understand, and have the opportunity to explore, the range of business models available to them.

5. Equality and Diversity Implications

- 5.1. Since May 2022, more detailed data on Equality and Diversity has been captured by the Growth Service. The service will be able to utilise this data to determine the extent to which take-up of support is proportionate to the communities of the region. Where take-up is proportionately low, interventions will be designed and implemented to address the situation and to ensure representation.
- 5.2 The service has existing relationships with several key stakeholders (eg Yorkshire Asian Business Association, Yorkshire Enterprise Network, the BAME Committee of the West & North Yorkshire Chamber of Commerce and the Women in Business initiative), and will work with these stakeholders to ensure the design of the service, and the products available from it, better meet the needs of our business community through enhanced inclusivity and accessibility. This will inform the ongoing targets for engaging with females and people from ethnic minority groups that are key decision makers in the businesses supported by the service.

6. Financial Implications

- 6.1. Finances for the service for three years from 2023/24 are being sought from the CA through the Assurance Framework process. Some level of BEIS funding for 2023/24 remains a possibility, however, given the delay in confirmation of the current year's funding, and the reduced funding level, this cannot be relied upon. The intention, therefore, is to secure more reliable and sustainable funding from local / regional sources, and to then utilise any Government funding if it becomes available to either replenish the local / regional funds, and/or, undertake additional activities.
- 6.2 It is anticipated that the West Yorkshire Local Authorities will continue to contribute 25% towards the cost of the SME Growth Manager function, which is in line with their current contributions.
- 6.3 A greater focus on relationships with the corporate sector is expected to lead to potential financial, or in-kind, support to broaden the reach of the service and to fill gaps in support e.g. investment readiness.

7. Legal Implications

- 7.1. There are no immediate legal implications directly arising from this report.

8. Staffing Implications

- 8.1. The new delivery model is currently at a development stage and will be refined as it progresses through the Assurance Framework process. Any subsequent changes to the staffing resource will be undertaken in line with the Combined Authority's current policies and procedures.
- 8.2 It is anticipated that Growth Managers would continue to be employed by the West Yorkshire Local Authorities, who would contribute 25% towards their costs.

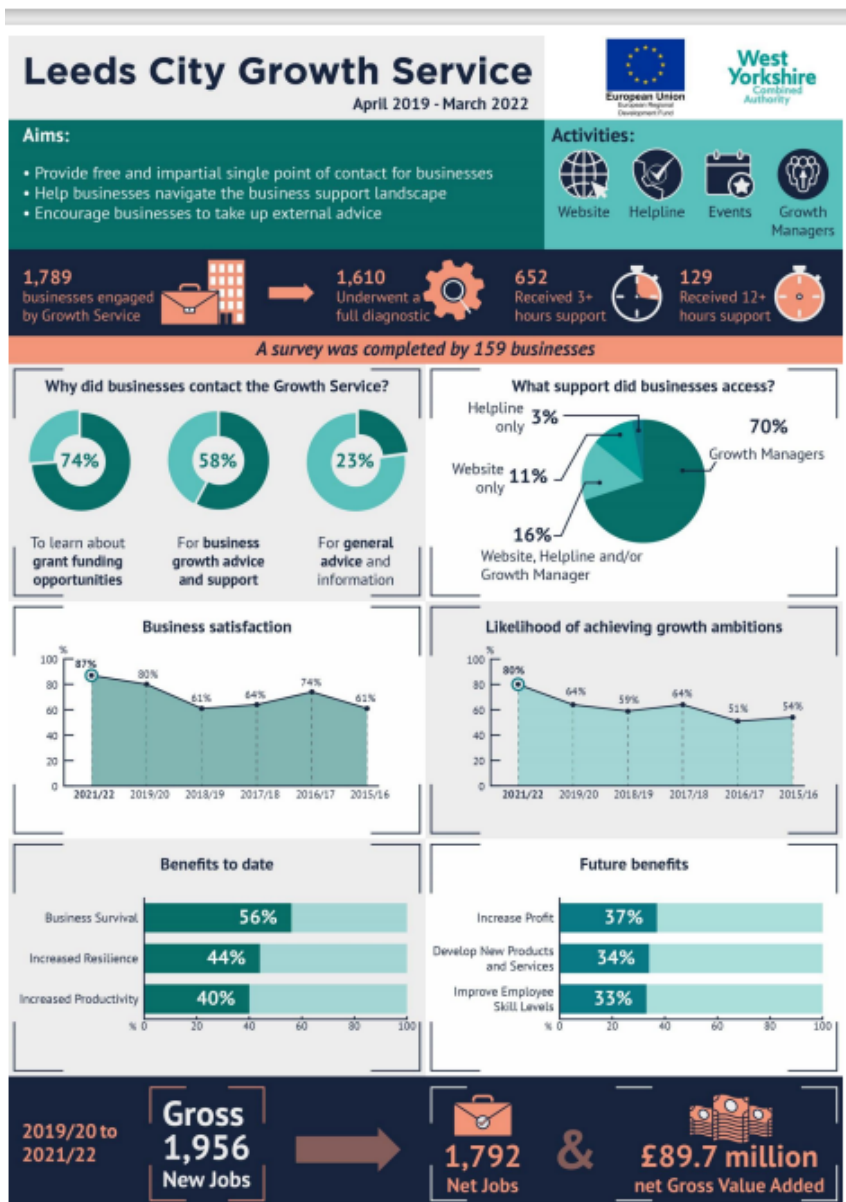
9. External Consultees

- 9.1. No external consultations have been undertaken, although the proposed refined delivery model has been discussed with several key stakeholders, including those on the CA's Business Communications Group. It has also obviously been discussed with this Committee, specifically at the March 2022 meeting.

10. Recommendations

- 10.1. That the Business, Economy, and Innovation Committee endorses for the Growth Service to continue to progress through the Combined Authority's Assurance Framework.
- 10.2 That the Business, Economy, and Innovation Committee notes the updates and provides further input, advice, and guidance on the ongoing development and design of the Growth Service for delivery from April 2023 onwards.

11. Background Documents



12. Appendices

None