



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

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ERDF Funded Business Support Projects in Lancashire
(Appendixes A, B and C refer)

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Executive Summary

This report provides the Business Support Management Board (BSMB) with its regular update on those projects which have been awarded European Regional Development Fund (ERDF) resource to deliver projects which should support and engage the business community.

These programmes principally address issues of business competitiveness, innovation, low carbon activity and the effective use of digital and broadband infrastructure.

Whilst the local ESIF partnership and The Department for Communities and Local Government are responsible for allocating this resource and ensuring programme targets are met, the BSMB has a wider role to ensure that projects deliver the intended impact within the Lancashire economy and are well co-ordinated.

Central to this process is the role of Boost – Lancashire's Business Growth Hub which, in addition to providing a gateway to services, is also working to fully understand, co-ordinate and monitor provision.

Recommendation

Members of the BSMB are asked to note this report and the steps being taken to improve reporting and co-ordination of the wider family of ERDF projects operational within Lancashire.



Background and Advice

1. Introduction

1.1 Whilst the total value of Lancashire's share of the national ERDF fund varies with the GB£ to Euro exchange rate, using present assumptions, the areas programme is worth £124m of which only 94% can be formally allocated at this time. To date £59m has been earmarked or allocated to projects with £58m still to be used.

2. Projects in receipt of ERDF funds in Lancashire

2.1 To date 18 projects have been granted ERDF in the current programme, the majority of these (14) being funded as part of Thematic Objective 3 SME Competitiveness. A further 3 projects have been funded under Thematic Objective 1 – Innovation and 1 under Thematic Objective 4 Low Carbon. The projects approved are as follows:

BOOST	LCC	ERDF P3
Access 2 Finance	GMBS	ERDF P3
Pan-LEP Specialist Manufacturing Service	GMBS	ERDF P3
Propel to Grow	Vedas	ERDF P3
UCLan Innovation Clinic	UCLan	ERDF P1
DigitME2	UCLan	ERDF P1
Digital First	UCLan	ERDF P3
Investment Readiness	UCLan	ERDF P3
Engineering Innovation Centre	UCLan	ERDF P1
UNITE+	UCLan	ERDF P3
Better Off in Business	Princes Trust	ERDF P3
Enhancing SMEs International Trade Performance	Chamberlink	ERDF P3
U Start	Lancaster University	ERDF P3
Lancashire Forum	Lancaster University	ERDF P3
Low Carbon Lancashire Innovation Hub	Lancaster University	ERDF P4
Digital Office Park	Chorley Council	ERDF P3
Building Capacity & Capability in Health Businesses	Innovation Agency	ERDF P3
Transmission	UCLan	ERDF P3
Northern Powerhouse Investment Fund	BBB	P3 and P4

3 Project Co-ordination Activity

3.1 As a condition of funding each project was asked to liaise with Boost and guarantee that they would work collaboratively with the Growth Hub and other commercial and publicly funded business support providers within Lancashire.



To formalise this arrangement the Growth Hub has developed a Memorandum of Understanding setting out the principals of collaboration and data sharing.

- 3.2 In addition to this agreement, a dedicated lead officer has been identified from LCC's Business Growth team to liaise with each project and template to gather key performance data is also being developed.

4. Performance of Boost – Lancashire's Business Growth Hub

- 4.1 Boost was fortunate to be one of the first projects commissioned in the new round of ERDF funding and as such can provide a detailed report on progress since June 2016.
- 4.2 Boost is the main business support programme in Lancashire. Its aim is to identify and to work with businesses in Lancashire who have the potential to grow. Boost's task is to accelerate that growth by identifying barriers to growth and working with businesses to overcome these. It works with existing businesses and potential entrepreneurs.
- 4.3 Boost was established in 2013 and in its first phase of activity, up to the end of 2015, supported over 1200 businesses, helping to create over 1100 new jobs. Boost subsequently received a new tranche of funding from the Lancashire ESIF programme to deliver support to businesses across Lancashire over the period January 2016 to December 2018. In its updated form, Boost builds on the experience gained in the previous 3 years of the type of support that businesses find most useful, and that has shown to be most effective. Most of the match funding for Boost is provided by Lancashire County Council, with a smaller element of funding coming from the private sector in the form of their contribution to Growth Voucher projects.
- 4.4 Boost has just reached the end of year 1 of its current 3-year funding period. Year 1 saw the phased introduction of four main strands of business support. Two projects – the Growth Support Programme and the Growth Mentoring programme were launched in March 2016; a third, the Boost Gateway commenced in June and the fourth – Growth Vouchers was launched in October, and will start to contribute outputs to the project in Quarter 1 of Year 2 (2017). For this reason the output profile for Year 1 does not represent a straight one third split of the 3 year total project. Approximately 20% of the targets will be achieved in Year 1, 50% during year 2 and the remaining 30% in year 3. Each strand of support has been allocated its own output profile (please refer to appendix 1 - Year 1 performance table) against which it is being monitored. The table shows performance against the latest (December 2016) targets. The aggregated targets form the basis of a Grant Funding Agreement with DCLG. In the following section the output reference numbers (C1, P13 etc) refer to Published ERDF output definitions.



Output performance

C1 - Number of Enterprises receiving support (3 year target - 1360)

By the end of Year 1, 249 businesses had received some form of intensive intervention from Boost, comprising at least 12 hours support, ahead the anticipated target. This has been achieved by two projects significantly over-performing. The Growth Support Programme supported 110 businesses against a previous target of 86, and the Growth Mentoring Programme helped 139 businesses against a target of 120. The overall activity will ramp up significantly in year 2, with a target of 643 businesses planned to be supported over the next 12 months. Key to this achievement will be the performance of the Growth Voucher programme which is now live and has over 100 applications pending for support. There is also an issue with 60 of the C1 outputs being unallocated to individual projects, meaning that a degree of over-performance from projects will be needed if Boost is to achieve its full targets.

P13 - Number of enterprises receiving Information, Diagnostic or Brokerage Support (3 year target – 1640)

Due to difficulties in recruiting staff to the delivery team, this activity was only phased in towards the end of the Year 1 programme, and the Year 1 targets had to be revised downwards to take account of this. Nevertheless 120 IDB outputs were recorded against a revised target of 114. It is planned to rapidly scale up this area of support during Year 2 in order to meet the increased Year 2 target of 1024 P11 outputs, and a delivery profile to achieve this has been agreed with the contractor – Growth Lancashire.

C8 - Employment increase in supported enterprises (3 Year target – 1000)

The major employment impact of the Boost project is planned to be achieved towards the end of the 3-year project, once the growth projects proposed by individual businesses have been implemented. 114 jobs were projected by the end of year 1 with a further 384 in year 2 and an additional 502 jobs in year 3. The Year performance was significantly ahead of target with 133 jobs being created during Year 1 with both the Growth Support and Growth Mentoring programmes well exceeding their original targets.

C2 - Number of enterprises receiving grants (3 year target – 300)

In addition to the three strands of business support advice, Boost now can offer Growth Vouchers in the form of a 50% grant to help businesses unlock specific barriers to growth. The scheme was launched in October 2016, with applications invited from interested businesses. Consequently no specific target was set for Year 1 in terms of Growth Vouchers actually paid to businesses. At the present time there are over 100 applications in the pipeline



and a target of 197 Growth Vouchers implemented has been set for year 2, with the remaining 103 being delivered in Year 3.

C6 - Private investment matching public support (3 year target £750,000)

This output indicator represents the private sector contributions toward the projects supported by the Growth Vouchers, and as such the delivery profile mirrors that of the Growth Vouchers themselves, with no target set for Year 1, £492,500 for Year 2 and £257,500 for Year 3.

C4 - Number of enterprises receiving non-financial support

This target represents the total number of businesses supported by Boost who do not receive financial support. Since no Growth Vouchers were awarded in Year 1, the performance mirrors exactly the achievement of the C1 outputs, with 249 businesses being supported against a target of 240.

P11 - Number of potential entrepreneurs assisted to be enterprise ready (3 year target 360)

Excellent progress has been made towards achieving the project target for potential entrepreneurs, with 46% of the 3-year total being achieved by the end of year 1, although it has been intended throughout that most of the P11 support will be delivered in years 1 and 2. 165 potential entrepreneurs have completed an initial programme of support to date (previous target 138) and it is envisaged that at least half of these will progress to launch new businesses.

C5 – Number of new enterprises supported (3 year target 180)

Although 23 businesses have been launched to date, these have not been reflected in the formal monitoring of targets or claimed in the quarterly returns to DCLG. This is because the recent revised guidance on ERDF output indicators has amended the count criteria and evidence requirements for C5. These outputs will therefore be reconciled following agreement of an updated delivery and expenditure profile (a Change Control) that was submitted to DCLG in December.

GVA increase in supported enterprises (3 year LEP target £50,000,000)

The overall impact of the Boost project on the Lancashire economy will be measured through calculating the change in GVA for those companies supported by Boost. Because there is a 12-month monitoring period for the GVA evidence, the totals should start feeding into the performance reports during Year 2. It should be noted that the GVA is being monitored for reporting to the LEP only and is not a DCLG requirement.

Summary

Overall Boost is performing in line with its expected profile and most indicators are on target. The main pressures during Year 2 will be in achieving the increased rate of IDB completions and in converting the current interest in



Growth Vouchers into actual growth projects that can be implemented by local businesses. It will also be interesting to note the scale of the GVA uplift on businesses once these figures start feeding through.

A table detailing results against profile is attached to this report.

5. Summary

- 5.1 Members of the BSMB are asked to note this report and the steps being taken to improve reporting and co-ordination of the wider family of ERDF projects operational within Lancashire.