



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

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Growth Hub Annual Report 2017-18

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Executive Summary

It is good practice in terms of LEP governance arrangements and a condition of BEIS growth hub funding that an annual report on activity is presented to the Business Support Management Board for consideration.

This report provides an update on the overall operation of Boost – Lancashire's Business Growth Hub, levels of activity against ERDF and local key performance indicators and a summary of any independent evaluation work undertaken in the past year.

Recommendation

It is recommended that the Business Support Management Board consider the detail of this report and recommend that the LEP Board endorses the annual report at its next meeting on 26 June 2018.

1. Background and Advice

- 1.1 Boost – Lancashire's Business Growth Hub has now been operational since 2012, working under the auspices and governance of the Lancashire Enterprise Partnership. Over those six years, the national growth hub network has grown to mirror the network of thirty eight LEPs although provision varies widely in terms of scale, delivery focus, funding and hosting.
- 1.2 The Lancashire growth hub model has been sustained by a combination of Lancashire County Council and Lancashire County Developments match funding leveraged against European Regional Development Fund (ERDF) resource. More latterly, a contribution towards the operation of Growth Hubs has been made by BEIS, and whilst there is a commitment to invest in 18/19 and 19/20, this funding has remained at the same level.



- 1.3 Overall and specific performance indicators are reported in Appendix 1, but as headline, the Growth Hub is now providing support to over 1800 businesses per annum and has supported the creation of over 1700 new jobs.

2. Duty to Report and Review Annual Performance of the Growth Hub

- 2.1 It is now a formal condition of BEIS support to the individual Growth Hubs that an Annual Report is presented via the Growth Hub governance structure to the LEP for approval. This report details overall performance, any issues in delivery, the "logic" model which underpins the operation of the Growth Hub and any evaluation of the service which has taken place within the last year. This annual report is also shared directly with BEIS.
- 2.2 The report itself is included as Appendix 1 to this report and a more detail extract of the logic model is included as Appendix 2 for clarity.

3. Headline Information

- 3.1 Over the period 1st April 2017 to 31st March 2018 some 2921 enquiries were handled by the Boost Gateway, of which 456 were dealt with at source, 2465 enquiries resulted in referrals of which 2034 were referred to Boost projects and 592 were referred to other business support organisations.
- 3.2 Overall Boost is performing well, with the majority of targets being achieved or just slightly below expectation, however there have been areas of concern. The activity on C2 grants (Growth Vouchers) has consistently fallen behind targets despite intensive support and guidance from the LCC PMT. This has a knock on effect on the C1 targets (C2 is a subset of C1) and on C6 that represents the private sector contribution to match the Growth Vouchers.
- 3.3 The delivery contractor has indicated that they will not be able to achieve the lifetime target (300) for Growth Vouchers (2016-18) and therefore a revised target of 168 has been agreed together with a reduced C6 target. The resulting deficit of 132 C1 outputs has been resolved in discussion with two of the other Boost delivery organisations who have agreed to increase their performance to make up this shortfall by the end of 2018.

All other ESIF targets are projected to be achieved by the end of 2018.

- 3.4 An independent evaluation of Boost was conducted in late 2017 by leading economic consultancy Regeneris, with the results being published in December. The report states that "early estimates of economic impact are encouraging". In terms of achieving the core aim of encouraging business growth, the report is positive.

The report concludes that the overall direction of travel is positive, including:

- Growth in turnover of businesses assisted – Output progress on the number of enterprises receiving support is on track. Our survey measured changes in business performance through Boost including turnover. It is too early to be definitive, but 28% of respondents have observed turnover improvements since receiving Boost support.
- Growth in value added in supported companies – Output progress on the number of enterprises receiving support is on track. The survey measures changes in business performance through Boost including productivity. It is too early to be definitive, but 38% of respondents have observed productivity improvements since receiving Boost support.
- Improved business formation rates – Lancashire has a below average rate of business births relative to regional and national benchmarks. Output progress in terms of the number of new enterprises supported and the number of potential entrepreneurs assisted to be enterprise ready is largely on track. The survey revealed that 16% of respondents identified that their aim was to start a business prior to receiving support. All of these have made progress against this aim, with 40% identifying progress has been made but more to achieve, whilst 60% have achieved their mission.
- Improved new business survival rates – the beneficiary survey assessed progress against business aims established prior to Boost support. This included 71% of all respondents saying they wanted to grow the business and 85% identifying that some progress had been made with achieving this since receiving support.
- More business support programmes aligned with Boost – the effectiveness of Boost in referring more than 80% of enquiries received to further support is testament to the progress Boost has made in building an aligned business support ecosystem in Lancashire.

3.5 Client Satisfaction

In October 2017, as part of the Evaluation process, Regeneris conducted an online survey of businesses and individuals who had received support from Boost. 256 responses were received. Despite dissatisfaction among some businesses over the level of understanding of the challenges they face, the survey suggests that beneficiaries are generally satisfied with the support they received through Boost.

When asked about the overall quality of advice and support provided, almost three quarters (72%) of respondents rated the overall quality of support as good or very good. Almost two thirds of beneficiaries rated the usefulness of the support highly. This is a substantial improvement from the previous



evaluation of Boost in 2014, where a significant proportion of the beneficiaries (two in five) rated the usefulness of the support as poor or very poor. This could be a reflection of the efforts made to better tailor support, which had previously been highlighted as an area for improvement.

In terms of the potential future impact of Boost on those businesses assisted, the survey found that many businesses are mid-way through, or a matter of months from finalising their involvement with Boost. Whilst impacts are only just starting to emerge for many beneficiaries, there are encouraging prospects for the near future. One fifth of respondents expect a large or transformational increase in turnover over the next 12 months. More than 70% of businesses expect some level of turnover increase within the next 12 months, with more than 60% expecting to increase employment.