



## **LEP – Sub Committee**

### **LEP - Business Support Management Board**

**Private and Confidential: No**

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### **Business Support Update**

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#### **Executive Summary**

This report looks backwards to confirm the use of grant monies from the Department for Business, Energy and Industrial Strategy (BEIS) in 21-22, and looks forward to the funding for local business support activity moving forwards.

Since the last Business Support Management Board in February several changes have taken place in terms of funding for publicly backed business support activity in Lancashire which, at this stage, look as though they could fundamentally change the nature and scale of provision.

Following the government's Levelling Up White Paper, new funding allocations for LEPs and Growth Hubs were released at the end of March and in April, the detail of the long-awaited UK Shared Prosperity Fund (UKSPF) was made public.

Funds for business support activity have been reduced significantly and in the case of UKSPF, the commissioning of those funds has moved to the 12 district and 2 unitary councils across Lancashire.

This report details that changed landscape and suggestions how local partners can adapt to these changes, continue to prioritise growth and address business needs.

#### **Recommendation**

The Business Support Management Board are recommended to:-

- Confirm that the use of BEIS resource in 2021-22, is as discussed at the Board in Spring 2021 and note that this spend has been audited by LCC as the accountable body
- Discuss and suggest those areas where any additional BEIS resource might be applied in 2022-23 for thematic or demographically specific projects or research.
- Note the additional pressure on resources for local business support and endorse the suggested actions to address this.



## 1. Use of BEIS Grant in 2021-22

In 2021-22, Boost – Lancashire's Business Growth Hub continued to perform strongly, delivering a range of direct support and brokerage to SME businesses across Lancashire. The majority of funding for the project (60%) continued to come from European Regional Development Funds (ERDF) (now backed by the UK Government) and form local match predominantly provided by Lancashire County Council (LCC). In addition, the 38 Growth Hubs across England received grant from BEIS for core, COVID and specified programmes.

Attached at Appendix 1 is a summary report of the use of core BEIS grant in 2021-22 when, in total, Boost received £536,500. As per the discussions with this Board in Spring 2021, this resource was spent on a range of activity which included:-

- Growth Hub Delivery ERDF Match
- Access to Finance
- Boost and Co Collaborations (Resilience Support)\*
- Low Carbon Support
- Additional Executive and Performance Management capacity

Between September 2021 and March 2022 the Growth Hub delivered a second programme of Peer Networks, with additional grant funding of £290,00 from BEIS to enable groups of businesses to come together supported by a facilitated Action Learning process. The programme in Lancashire delivered 21 cohorts of support to 227 companies.

The use of these monies has additionally been audited by Lancashire County Council as the accountable body for Growth Hub and LEP grant, who have confirmed that it was spent properly within the specified time period and on the activities set out within the grant funding agreement.

## 2. BEIS Grant Award for 2022-23

On the 31<sup>st</sup> March 2022, the government sent letters via LEPs indicating the level of BEIS grant available for 2022-23. The award to Lancashire is £225,000. This is obviously a significant reduction on the funding in the previous financial year, but it should be noted that this is largely attributable to the termination of the Peer to Peer initiative and the stripping out of COVID specific support.

The award is slightly lower than the typical pre-pandemic settlement of £265,000 and it is not clear whether BEIS are losing their enthusiasm for Growth Hubs as a delivery mechanism or whether the cuts simply represent a tighter departmental budget settlement across government or additional funds from new initiatives such as the UK Shared Prosperity Fund or Levelling Up Funds..

Whilst the lower level of grant will limit the scope for discretionary activity, BSMB are asked to consider priorities for thematic or demographically specific projects or



research, should head-room arise. This work will also be informed by the recommendations of the LEP's sectoral groups.

### **3. The UK Shared Prosperity Fund a replacement for European Structural and Investment Funds?**

Lancashire received £245m of European Structural and Investment Funds (ESIF) in the last European programme which covered a 7 year time period. This money was split 65% ERDF and 35% ESF – for skills and employment activity.

The total Lancashire UKSPF allocation (over 3 years) is £54m core plus £7.5m for Multiply an adult numeracy and employability programme. We estimate that this represents approximately a 40% reduction in the funds available for activity in the County. This figure does not take account of match funding which more than doubled the value of Lancashire's ESIF programme.

UKSPF remains heavily revenue focused with a suggested minimum of 13% for capital projects.

It is important to acknowledge that ESIF was centrally co-ordinated and managed as part of a County-wide programme but delivers local outcomes in local areas against local priorities using smaller/local organisations (as well as pan Lancashire provision including by larger organisations) Large (e.g. universities) and small (voluntary sector) organisations have inevitably organised themselves around this significant programme – hence if/when the funding stops – that provision and the outcomes linked to it as well as some of the organisations themselves, will cease/be at risk.

ESIF was a 2014-2020 programme with wind down to 2023. The skills programme stops recruiting this September so there is an immediate risk.

UKSPF has been allocated at a District and Unitary Council geography, with each producing its own action programme.

### **4. Next Steps**

Despite the reductions in core BEIS grant and changed value/volume of funding and management systems presented by UKSPF, Boost can continue to deliver in the current financial year and out to mid-2023, assuming there is no major shift in government policy before this point.

In the medium to long-term there are a number of actions which we are seeking to progress in the this current financial year to pro-actively determine the desired future state for publicly funded business support in Lancashire beyond mid-2023.

- Local partners are working with local authorities to fully describe the services which will be lost when ESIF funding comes to an end. These are being rationalised into a limited number of pan-Lancashire opt-in's which the



local authorities can chose to include in their UKSPF action plans.

- Longer term, as mentioned at previous BSMB meetings, a strategic view of what business support could look like needs to be developed. We are assessing a "sprint" methodology to initiate this process.