

Item 5. LEP Business Support Management Board

Private & Confidential: NO

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Publicly Funded Business Support Provision in Lancashire

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Executive Summary

Further to the discussion at the first Business Support Management Board (BSMB), the group requested time at its second meeting to:-

- review progress on business support mapping,
- reflect on how national policy is changing the local business support landscape
- understand what commitments have been made by the LEP moving forward, and
- use the above to inform a work plan for the group

This paper and the presentation from Regenerate Pennine Lancashire is intended to provide the context for that discussion and to further strengthen the group's understanding of provision.

Recommendation

The LEP BSM Board is asked to:

- (i) note progress on the Lancashire Business Support Simplification Review,
- (ii) Establish a work programme to specify the desired business support landscape and gaps in provision.

Presentation on local business support mapping to follow.

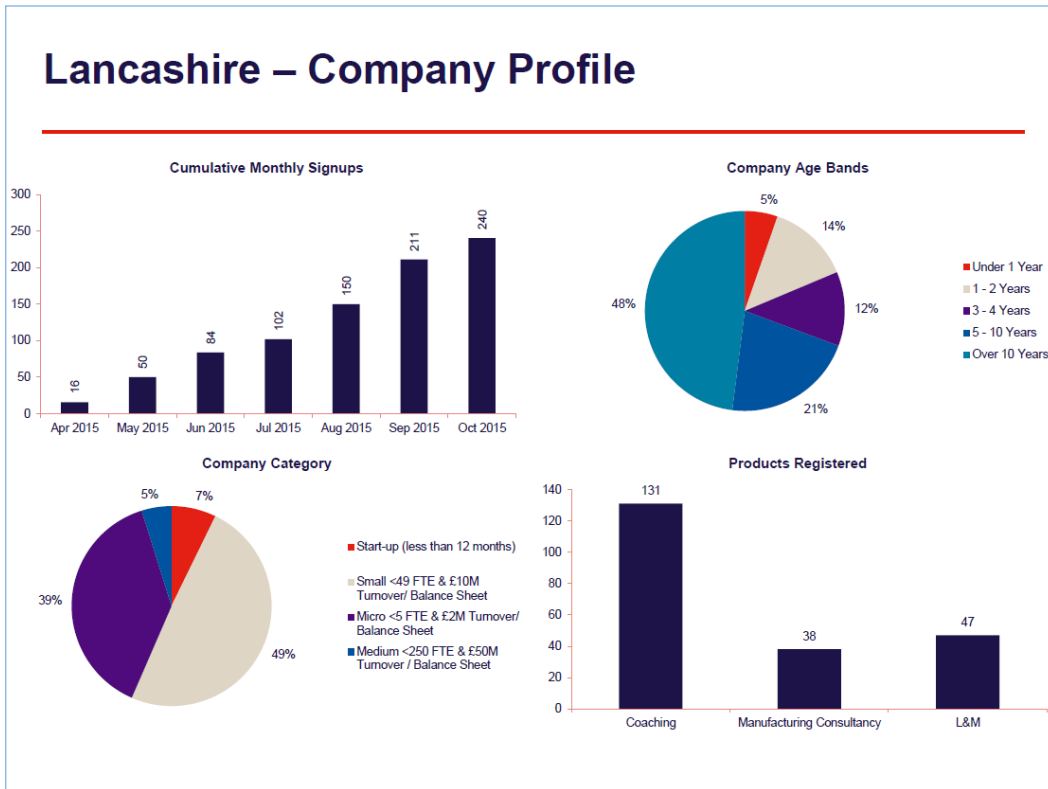
1. Introduction

- 1.1 The extent to which UK governments chose to provide public funding for business support activity, the structures they route investment through and the interventions they favour all change on a regular basis. It appears that this policy area is now at another turning point, with the department for Business Innovation and Skills rolling back from its decision to run a national Business Growth Service and placing the emphasis on LEP's to lead on this agenda.
- 1.2 Whilst this decision has clearly been driven, at least in part, by the need to make savings, BIS officials also suggest that ministers feel that the shaping and delivery of business support has a strong fit with the localism / devolution agenda.
- 1.3 This movement will undoubtedly result in less central government investment in business support within localities. It now falls to local agencies to make best use of any available resource to provide those elements of business support which they view as most important to the health and growth of their local economy.
- 1.4 This paper and the presentation from Regenerate Pennine Lancashire is intended to provide the context for that discussion and to further strengthen the group's understanding of provision.

2. Closure of the National Business Growth Service

- 2.1 As part of the November 2015 Spending Review settlement, the government decided to wind down the national delivery of the Business Growth Service (incorporating GrowthAccelerator and the Manufacturing Advisory Service). On 26th November 2015 the Department for Business, Innovation and Skills (BIS) issued a formal instruction to providers of the Business Growth Service:
 - not to enter into any further contractual commitments with customers after 23:59 Monday 30 November;
 - that all contractual commitments should be honoured, as long as all support and related activity is completed by 31 March 2016.
- 2.2 In Lancashire, the three best used elements of the BGS where the Growth Coaching service and Leadership and Management offer delivered by Winning Pitch, and the Manufacturing Advisory Service delivered by the Manchester Growth Hub. Data from the BGS Observatory (Figure 1), indicates that 240 Lancashire based companies had signed up for a BGS intervention since the 1st April 2015. Whilst typical business meet at least half of the cost of this support, it is estimated that around £1.5m - £2m per annum of public investment in Lancashire firms will be lost with the closure of these services.

Figure 1. – Lancashire Business Engagement in BGS service 2015-16



2.3 In addition to the core service offer, the Growth Coaching, MAS and Growth through Innovation programmes within BGS were all looking to match a proportion of their "clean" BIS finance with local European resource. These add on services would have better linked BGS to Boost – Lancashire's Business Growth Hub and would have enhanced the national offer within the area. The ERDF requests from the respective programmes were MAS £285,400, Growth through Innovation £500,000, Growth Accelerator Access 2 Finance £29,316, Growth Accelerator Growth Coaching £1,500,000. This would have resulted in a further £1m worth of activity in each of the next three years.

2.4 ***It is recommended that BSMB should consider if and how the gap left by the closure of the national Business Growth Service should be addressed?***

3. Mapping the local Business Support Offer

3.1 To further support the work of the BSMB, and as part of a contract to sustain the Boost service between European Programmes, Regenerate Pennine Lancashire have started to collate a listing of the publicly funded business support. The Boost web site lists 43 programmes promoted by local and national organisations to support local business.

- 3.2 A simple and more understandable landscape of business support will clearly help businesses navigate the business support landscape, but it will also be a necessity to ensure that the best use is made of increasingly scarce public resource.
- 3.3 **It is recommended that the BSMB should receive the presentation from Regenerate Pennine Lancashire on progress with the Business Support Simplification audit and make use of the that work to inform the work programme of the group and the commissioning priorities recommended to the LEP and ESIF Partnership.**

4. European Structural Investment Funds (ESIF) – Commitments made to Business Support Projects to date.

- 4.1 Whilst the BSMB is central to establishing the desired structure for publicly funded business support within Lancashire, the 2014-20 ESIF programme for the area is now up and running and needs to make up for lost time by commissioning programmes and committing resource. Around £40m is available over the next five years for business support activity.
- 4.2 Of the projects that came forward in early calls for business support activity in Lancashire only four have now reached a stage where they have firm offers of support. These are :-

Boost – Lancashire's Business Growth Hub drawing down £3.17m of ERDF for a project which will run to December 2018.

UCLAN Innovation Clinic drawing down £1.4m of ERDF for a three year project providing innovation support.

The Access to Finance Service – a small team of 3 business finance advisors working across Lancashire to support SME's seeking to access of free up finance within their business. (Using £0.5m of ERDF)

Better off in Business a small youth enterprise promotion programme delivered by the Princes Trust which will make use of £174k of Lancashire ERDF.

Two Further projects have been referred back to their proposers for further detail of clarification, these are:-

UKTI's Trade Promotion proposal - issue with eligibility of match

Propel to Grow – Consultancy Support Project asked to delineate itself from BGS offer.

As indicated in Section 2, ERDF add on programmes had been agreed for Growth Accelerator Growth Coaching, Growth Accelerator Access to Finance, Growth Accelerator Growth through Innovation and the Manufacturing Advisory service. With the closure of the Business Growth Service, these applications were

suspended.

We now understand that the sponsors of the Innovation (PERA Consulting) and Manufacturing Advisory Service (GM Growth Hub) would like to proceed based on a service that will utilise SME contributions as match funding.

- 4.3 A further call for activity in Lancashire for activity which supports Research and Innovation (ERDF Priority TO1), Business Competiveness (ERDF Priority TO3), and Low Carbon (ERDF Priority TO4), has now been issued and will close on the 29th of January. We anticipate that this will bring forward a number of projects from the University sector.
- 4.4 **It is recommended that BSMB note which services are now in place and what is likely to come forward in the near future and how these begin to populate the business support offer in Lancashire.**
5. **Identifying Gaps in Provision, developing commissioning priorities, and establishing a work plan for the BSMB**
 - 5.1 The update above is intended to provide a context for the Board's wish to further debate the shape of Lancashire's publicly funded business support landscape and to allow the Board to set a work programme which will allow members to properly investigate what business want and the form and success of current and proposed provision.
 - 5.2 Since the last meeting, the draft schematic Figure 2 has developed with the loss of BGS and confirmation of Boost and Innovation Clinic.
 - 5.3 It is suggested the Board use this a further point of reference in their discussions.



Figure 2

Publicly Funded Business Support Provision in Lancashire

