**Executive Summary**

Concerned about proliferation and duplication of business support provision The Department for Business Innovation & Skills conducted a review of central government support in 2014. This led to the rationalisation of a number of offers, including the cessation of the Business Growth Service in 2016. Further to this review BIS produced a simplification toolkit and invited local Growth Hubs to undertake similar exercises in their own localities. The Lancashire Enterprise Partnership’s Business Support Management Board asked Regenerate Pennine Lancashire, as part of its Growth Hub Gateway role, to undertake a review of publicly funded business support in the county and the findings are presented in this report.

The report briefly introduces Lancashire’s identified growth sectors, noting some of the key challenges faced.

8,083 Lancashire businesses were invited to complete an anonymous online survey with 218 (2.7%) responses received. Manufacturing & Engineering (24%) and Service (20%) companies were the most prominently represented in responses. 62% of respondents reported that they had never received any external business support with over half of those reporting a lack of awareness of any relevant support that may have been available. Of the 38% of businesses that had received support, grants and business growth support were the two most common types of intervention. 75% of supported businesses reported a positive impact with a similar proportion stating that they would recommend the support to peers. Of concern is the number of businesses that stated that they had not received support due to lack of awareness and the quarter of those that had received support not deeming it good enough to consider recommending it to peers.

The report introduces a range of selected national support offers, referencing local delivery arrangements where appropriate and providing links to further information.

37 local business support providers were invited to complete an online survey followed up with a number of email and telephone reminders. 21 responses were received covering 35 distinct support offers spanning a range of support including, advice, mentoring, workshops, grants and skills. 56% of support offers were targeted specifically at existing businesses with 40% aimed at those considering starting a business.

In broad terms the recommendations cover:

* A recognition of the Growth Hub Gateway in ensuring integration and coordination of national, local, public and private sector support
* The importance of growth finance to businesses and the scope for an enhance local offer
* Project lifecycle considerations of market failure, demand, eligibility, delivery models, overlap and effective evaluation.
* The Lancashire Enterprise Partnership’s advisory rather than decision making role in relation to most business support funding.

**Introduction & Scope**

Small businesses that grow are more likely to have sought advice and support. The majority of businesses that do take advice say it adds value. The support may come from private, not for profit or national or local publicly funded provision.

Small businesses indicate that to make the most of support it needs to be simple, clear and easy to access. In its “Small Business: Great Ambition” paper, The Department for Business Innovation & Skills set out its commitment to making it easier for businesses to get the right support at the right time, including by simplifying the landscape for business support.

As part of this commitment BIS, in 2014, undertook a review of national Government business support to identify those schemes that were poorly targeted or under-performing and where there were opportunities for bringing schemes together to deliver a better, more efficient service. The review concluded that Government’s offer to businesses needed to be clearer and simpler to understand. The GREATbusiness.gov.uk portal continues to provide a single online resource for all government guidance and support. The 2014 review also led to a simplified Business Growth Service, though this was closed in March 2016 further to an announcement in the Government’s 2015 Autumn Statement.

The BIS review also recognised the role that Growth Hubs have in rationalising and simplifying the business support landscape at the local level, where confusion over access and proliferation of schemes was considered to be equally significant. Further to 4 Growth Hub pilot reviews, BIS produced a Business Simplification Review Toolkit in March 2015 and as part of the Growth Deal, invited each Local Enterprise Partnership to undertake its own review. The toolkit was intended as guidance rather than as a prescriptive document but has been used to inform the business support review work undertaken in Lancashire.

The Lancashire review focused only on publicly funded business support whilst acknowledging the wide range of support provided by the private and voluntary sectors. The review can only provide a snapshot of what is an ever changing landscape, particularly during the early stages of a new European funding programme. The review involved both business and provider surveys and a review of key national provision. The findings of the review will form the basis of a Growth Hub Support Finder which will be continually reviewed and updated by the Growth Hub’s central contact centre and first line advice service in conjunction with individual support provision organisations.

**Lancashire economy and business support views**

The Lancashire Enterprise Partnership (LEP) identified six key business sectors as future deliverers of jobs and wealth in the county. It is important that publicly funded business support resources align with the requirements of these key growth sectors.

**Advanced Engineering & Manufacturing**

The sector employs around 73,000 people in Lancashire with approximately 3,900 VAT registered companies or 9% of total Lancashire business stock. The sector contributes 15% to Lancashire’s GVA compared to 8% nationally. Key sub sectors for Lancashire include aerospace, automotive, food & drink, textiles and chemicals. 99% of businesses are small to medium (<250 employees) with 74.4% being in the micro category (0-9 employees). This can have implications for willingness to engage with or participate in business support programmes due to implications of time and cost. The workforce can be characterised as full time (97%), male (76%) and ageing (45% between 45 & 64). Challenges for the sector include rapid technological change, retention and recruitment of skilled workers, domestic and international market fluidity, fragmentation of the production change and macro-economic factors such as the exchange rate, raw materials and energy price fluctuations.

**Visitor Economy**

Lancashire has a varied visitor economy from England’s most popular seaside destination in Blackpool, the Forest of Bowland Area of Outstanding Natural Beauty to historic cities, towns and villages. 80 million visitor days were spent in the LEP area in 2014. The visitor economy contributes £3.7m a year to the county’s economy, supporting almost 3,800 businesses and more than 50,000 jobs (8% of the Lancashire labour market). The workforce tends to be younger and less highly qualified than average with greater levels of part time working and employee turnover. The sector is growing with predictions of a need for 4,000 more full time equivalents by 2020. Key sectoral challenges include lower than average pay and conditions, skills gaps & training provision and negative perceptions from potential entrants regarding career prospects. Businesses in the sector tend to be weighted more to “business to consumer” type activities. This is significant in terms of business support with some key programmes, such as ERDF, focused on “business to business” activities.

**Financial and Professional Services**

The sector in Lancashire employs around 82,000 people in over 10,200 businesses. Key sub sectors, identified in Lancashire’s Strategic Economic Plan (SEP) are business and financial services and business process outsourcing. The sector generates around £5.4bn in Gross Value Added (GVA) per year with the average GVA per employee being £52,000, which compares favourably with the Lancashire average of £34,000 per employee. Since 2009 the sector has grown more quickly than the national average at 12% compared to 9%. Key challenges include ever tightening regulation, the legacy of the financial crisis and rapid technological change. The sector is growing but replacement demand (replacing employees who have retired or left the sector for other reasons) remains a key challenge with the expectation that it will create 46,000 job opportunities in Lancashire by 2022. Succession planning and skills development are therefore key challenges.

**Creative and Digital**

The Lancashire Enterprise Partnership’s sector skills baseline survey estimated that the creative economy provides 36,000 jobs in Lancashire. This figure is split between 22,000 creative industry jobs and 14,000 jobs in creative occupations in other sectors. Estimating the size of the sector from statistical sources can prove problematic due to varying definitions. Dun & Bradstreet UK includes 4,500 creative industry companies in the county. The composition of Lancashire creative industries is concentrated in IT, software and computer sciences. Almost 90% of businesses employ less than 10 people. A key challenge is the recruitment of people who have appropriate digital skills, rather than the sourcing of people who have creative skills.

**Energy and Environmental Technologies**

The sector in Lancashire is comprised of 5,200 firms and accounts for around 40,000 jobs (6.5% of Lancashire’s total workforce and 2.5% of the sector nationally). The vast majority (92%) of firms are micros, employing less than 10 people. Particular concentrations are in specialised construction activities, electrical, plumbing/heat/ air con installation, other engineering and professional/scientific/technical activities, the production of electricity and the processing of nuclear fuel. A number of sub sectors are particularly important to the Lancashire economy including nuclear, offshore gas, oil and wind, onshore wind, waste recovery and environmental technology services and manufacture. Future growth demand is difficult to quantify due to the certainty or otherwise of a number of future developments (e.g. shale gas exploitation, onshore wind and new nuclear investment). Replacement demand is expected to play a key part in the sector’s employment base.

**Health and Social Care**

The sector provides more Lancashire employment than any other with 3,900 employers providing around 100,000 jobs, representing 16% of the county total. In common with other parts of the country, Lancashire’s population is ageing with 23% of residents expected to be over 65 within a decade. More than half of the sectors businesses employ less than 10 people, although on average employers in the sector are larger than those in the rest of the economy. Ensuring sufficient well trained staff to deliver services is increasingly challenging, particularly for front line roles. In addition to recruitment and retention, public policy around health and social care transformation presents ongoing challenges. The increasing involvement of private sector businesses in healthcare coupled with ongoing pressures for improved efficiency and innovative service delivery could potentially present opportunities for small businesses in Lancashire. Consideration of specific business support and funding may be required in order to help businesses to effectively realise such opportunities.

In addition to the sectors outlined above, construction has been identified as a key sector for the City Deal area of Preston and South Ribble. Whilst these two authorities account for 23% of Lancashire’s employment across all sectors, in the case of construction they account for 40%. The sector is recovering from being severely impacted by the last recession (reflecting a UK trend). Continued growth is expected during the life of the City Deal from 2013/14 to 2023/24. The City Deal and other key Lancashire infrastructure projects mean that the development and retention of sufficient suitably skilled workers will be crucial for the Lancashire economy. The City Deal investments alone are expected to support over 4,300 construction job years.

**Business Survey**

During January 2016 a survey was issued to 8,083 Lancashire businesses with the aim of obtaining:

* an understanding of levels of different types of support received and views of historic business support received, if any
* views of what type of support might be useful in the future

The data set was established from two main sources. 6,131 business and potential start-up individuals that had had contact with Boost Business Lancashire (delivered by a range of partner organisations) and earlier programmes delivered by Regenerate Pennine Lancashire (going back to 2011). These records were drawn from the Evolutive database that is well established as the common client management system for the Lancashire Growth Hub. Following a de-duplication exercise an additional 1,952 records were purchased in order to obtain a data sample of businesses that were not known to have previously accessed business support. It is of course possible that some of these businesses had made use of publicly funded business support in the past but not via a route that had led to the recording of the interaction via Evolutive.

The survey was issued via email at the start of February 2016 and was followed up with a number of reminders. In addition the background to the survey and a link to the online form were circulated to a wide range of local business support providers, business groups and local media organisations. A number of these organisations helped to promote the survey meaning that, whilst some businesses may have heard about it via more than one channel, others are likely to have heard about it that had not been recipients of the initial mailing.

A total of 218 responses were received, representing a 2.7% response rate against the initial mail shot total (noting that the overall catchment would have been wider due to wider intermediary promotion).

The survey asked respondents to define their main sector and there was a strong response from engineering & manufacturing companies (24%) and from service companies (20%). Of the other category respondents, a number might more accurately have placed themselves in one of the stated categories whilst others defined themselves as public or voluntary organisations.

The responses were reasonable even across the boroughs of Lancashire with 6% being the average percentage share per borough. Preston (14%) provided the largest single number of respondents followed by Burnley (10%) and Blackburn with Darwen (9%).

The size profile of respondents (as defined by number of employees) was overwhelmingly small:

38% of respondents reported that they had received publicly funded business support whilst 62% stated that they had not. This split is perhaps initially surprising, given that the majority of the dataset was drawn from a database of previous contacts. However the dataset included any contact with a range of business support programmes, including those that did not ultimately receive support either through their own choice or for reasons of eligibility.

The following chart provides a breakdown of the reasons for not accessing business support provided by the 62% of respondents that had not received any:

Over half of respondents stated that they were either not aware of any available support or more specifically that they had not been aware of any relevant support at that time that it would have been needed. Those who stated “other” were asked to provide comments. The comments ranged from issues around eligibility, frustration with attempting to obtain support and a number of respondents that reported that they actually provided business support themselves.

The lack of awareness is a particular concern, as most business support programmes do undertake marketing and promotional activities to seek to engage with relevant potential beneficiaries via a range of channels. Effective engagement, particularly with those who have not previously engaged with business support remains a key challenge for business support programmes.

The next section of the survey asked respondents to provide further information about any support that they had received. The survey allowed respondents to provide information on up to 4 instances of business support received. The 82 (38%) respondents that had received support reported 115 specific experiences, with the majority of these occurring over the past 3 years.

Overall there was good awareness amongst respondents of the name of the support programme they had benefited from and the organisation that had provided it. With the range of business support schemes and providers, there was inevitably some confusion and misunderstanding most had at least an approximate idea of the support and provider. Boost Business Lancashire, Winning Pitch and Regenerate were particularly well represented in responses which is doubtless a reflection of the dataset used in the survey.

A percentage breakdown of the type of business support received across the 115 instances shows a strong weighting towards grant funding, followed by business growth and start up support. The “other” responses included businesses that had been supported via the recent flood recovery and resilience programmes.

It was encouraging that 62% of business support experiences were rated as either excellent (40%) or very good (22%) with only 15% poor (8%) or very poor (7%). It would be encouraging if a future survey based on the new round of emerging support programmes could see the negative views reduced to single figures.

Respondents were largely positive regarding the impact that the support had had on their business with 75% reporting either a positive or very positive impact. 76% of respondents stated that they would recommend the support they had received to other business contacts, although 22% reported that they definitely would not.

Respondents were asked what types of business support they would like to see in the future and were allowed to select up to 3 options. The chart below shows a broadly even spread of support types with exceptions for accessing growth finance (20%) and sales and marketing support (16%).

Finally, respondents were invited to share any additional views or comments that they had, either about specific support received or the business support environment more generally. A total of 85 comments were received. The content ranged from general praise for individual schemes and staff members through to strongly negative comments about the suitability of schemes, the providers and the eligibility and delivery rules. A sample of comments is included below. In some cases these have been anonymised or edited for clarity. The evident trend was that those who were unhappy were more likely to have taken the time to provide specific feedback.

* *The grant we received was very beneficial and helped us immensely.*
* *I was persuaded to go on the course. For us it was an unwelcome distraction. Generally I think the money could be better spent. I think some businesses might benefit from the course I was on, but I feel that most people there were having their time wasted. The organisation just wants bums on seats to be able to claim the money!*
* *I would have liked on going mentoring; someone to talk to who had been in business would have been helpful.*
* *Our experience with the <name of programme> has completely put us off applying for any more funded assistance. We requested very specific coaching in respect of employee engagement and received a generic business growth package which told us nothing that we didn't already know.*
* *Small companies like ours would benefit from closer links with colleges and universities in such a way that recruitment of apprentices is easily facilitated.*
* *The support from <name of provider> ended very abruptly. There does not appear to be a comprehensive system of delivery. It chops and changes on a whim which is very frustrating.*
* *The team have been excellent, took the time to understand my business and helped all the way*
* *My experience of local enterprise schemes is that they are self-interested with no interest in providing help for established businesses.*
* *I was not aware of the <name of programme> funding and was surprised that I was eligible and how quickly the grant became available. Excellent personal service.*
* *As a new start up, we found business advice was virtually non-existent for retail sector.*
* *Our application was dealt with most efficiently.*
* *There is in theory a host of business support and development organisations offering everything, but in reality what starts out as a huge banner to attract everyone, whittles down to a pin head of virtually nothing that it actually does support. It is just a box ticking exercise to say it is being done.*
* *How I wish small businesses like mine could access small capital amounts on a loan basis at affordable interest rates*
* *The <name of programme> run by <name of provider> was less than useful. I don't know how many people attended but I wouldn't mind betting that very few completed it and of those who did very few will have found it useful. It was quite simply not right for the majority of people there. The trainers were full of themselves which is quite surprising as they are clearly not running their own businesses. They simply couldn't relate to the attendees, most of whom only turned up so they could qualify for funding. A waste of your money. On the other hand, the <name of programme> one was excellent.*
* I would certainly look to using this service again. My business secured a contract with <name of council> because of this and I would like to thank all involved in helping us.
* *It is a pity that business support is forever stopping and starting, with a long gap between, and therefore no continuity. Start-up's, micros, and SME's still need support for qualified advisors, with knowledge of actually owning or running an SME themselves. More in depth support is needed in addition to the 'light touch' mentoring provided on a pro-bono basis, where advisors or coaches are paid for their in depth services, and this provision should be part funded by a programme and part by the company. If a company is not contributing anything for advice/mentoring they do not value the intervention.*

**Lancashire Governance**

Effective local governance and engagement is important to ensure the alignment of European and national priorities with local support requirements and growth objectives during both programme development and delivery. Two key areas of local governance are briefly outlined below but other entities also have a role to play in influencing the direction of business support in Lancashire – for example the Local Enterprise Partnership’s Employment & Skills Board.

**European Structural and Investment Funds Growth Programme (2014-20)**

The programme is comprised of 3 funds, each with its own government managing authority

* European Regional Development Fund – Department for Communities and Local Government
* European Social Fund – Department for Work and Pensions
* European Agricultural Fund for Rural Development – Department for Environment Food and Rural Affairs

At national level a combined Programme Monitoring Committee, known as the Growth Programme Board (GBP) will maximise the synergies of the separate funds to achieve the overall objectives of the UK Operational Programmes agreed with the European Commission. The Department for Communities and Local Government acts as the local lead for the Managing Authority. The GBP will be supported by a sub-committee in each LEP area. This LEP ESI Funds Sub Committee has an advisory role in support of the relevant Managing Authority through the lifecycle of the programme.

The membership of the LEP ESI Funds Sub Committee reflects the priorities of the Operational Programmes for Lancashire as defined in the Lancashire ESIF Strategy. A LEP member (currently Dennis Mendoros) acts as chair and a member of the Managing Authority (Anita Williams, DCLG) acts as vice chair.

Key Functions of the LEP ESI Funds Sub Committee

* Local promotion of ESI Funds
* Provision of advice and local intelligence to the Managing Authority to inform priorities for the development of bidding calls in line with the local ESIF Strategy and Operational Programme.
* Liaison with relevant organisations to identify potential bidding opportunities that align with Programme priorities and match funding availability
* Provide advice to the Managing Authority during project bid development (both outline and full applications)
* Contribute local knowledge and understanding to aid the Managing Authority in ensuring good delivery against spend, milestones, cross-cutting themes, outputs and results.
* Provide advice to the Managing Authority during mid term programme reviews and final evaluations

In summary, individual organisations, which may or may not be Lancashire based, will bid directly to the Managing Authority for funds either in response to open calls or via opt-in arrangements. The LEP (via the ESI Funds Sub Committee) will have the opportunity to provide advice and guidance to the Managing Authority to shape bidding calls and the development of individual projects.

In order for the LEP to provide effective support to the Managing Authority during overall programme and individual project delivery, the sharing of timely and accurate performance information will be essential.

**Lancashire Enterprise Partnership (LEP) - Lancashire Business Support Management Board**

The board has been established by the LEP with a remit to consider business support priorities across the LEP geography, specifically to:

* Develop and promote business support strategy, initiatives and programmes aligned with agreed priorities, as part of the LEP's Strategic Economic Plan;
* Seek to co-ordinate and commission a publicly funded business support offer which is clear, fit for purpose and which complements both commercial and national offers.
* Commission and maintain an evidence-base to help understand key business support demands in the LEP area;
* Identify and work with other LEP areas on business support issues of strategic and cross-boundary significance; and
* Advise on the deployment of business support funding directly accessed or influenced by the LEP and make best use of public investment in this policy area.

The board is private sector led and comprised of between 4 and 10 representatives of business membership organisations (e.g. Chambers of Commerce, Federation of Small Businesses) and senior business people drawn from the overall LEP board.

Although not directly responsible for allocating funding, the board has an important role in influencing and guiding the coordination of business support in the area and in the provision of informed views to the overall LEP board regarding priorities for intervention. It may be useful for the LEP to consider a closer, more formal role for the Business Support Management Board to input to the ESIF bid development and decision making processes. For example, the board could provide input regarding potential call and topic priorities, comment on bids received and help to influence the performance of active projects where necessary and appropriate.

**Selected National Business Support Provision**

The closure of The Business Growth Service, with its Growth Accelerator and Manufacturing Advisory Service products, announced in the government’s 2015 Autumn Spending Review, has further rationalised the national business support landscape. This section introduces a sample of some of the more significant remaining national support offers. Some of the services are provided directly via government agencies and some via networks of local partners.

More comprehensive information about nationally available business support services can be found via the Government’s “Business is Great” web portal at [www.greatbusiness.gov.uk](http://www.greatbusiness.gov.uk). The Government also offers a national business support helpline on 0300 456 3565. The national helpline maintains links with Lancashire activity via the Lancashire Growth Hub’s Boost Business Lancashire Gateway service. Effective cross referrals and information sharing will be increasingly important to ensure that businesses receive the most appropriate and coordinated support experiences.

**New Enterprise Allowance (NEA)**

A scheme delivered by the Department for Work and Pensions (DWP) aimed at providing support to benefit claimants who wish to start their own business. The two core support elements are mentoring & business support (via external contractors) and financial assistance in the form of a NEA weekly allowance administered by Jobcentres. Initially a specialist assesses the business idea to determine whether it is viable and has the potential to provide a sustainable income for the applicant in the future. The allowance is payable for up to 26 weeks and the claimant must demonstrate that they are working on their business for a minimum of 16 hours per week. Loan funding is also available in addition to the non-repayable allowance. Ultimately the business will with provide the claimant with an income and they will no longer require benefits or they will return to Jobseekers Allowance or Universal Credit.

A recent survey of the scheme from DWP found that 34% of respondents would not have started a business without NEA support and of the majority of those that would have started anyway reported that the scheme accelerated the process. 94% of survey respondents started trading following the support. Of those that had started businesses by the time of the survey 80% were still operational and over 90% of this subset had been trading for over 12 months. The main reasons for not trading were that the business was not providing sufficient income or the respondent had found alternative employment. The survey concluded that the scheme played an important role in business creation and only minor improvements were recommended, for example better promotion of additional business financing options and a more structured programme of catch-ups between mentors and participants. In Lancashire North and Western Lancashire and East Lancashire Chambers of Commerce work with Job Centre + to provide the service.

[www.gov.uk/new-enterprise-allowance](http://www.gov.uk/new-enterprise-allowance)

**Start Up Loans**

A UK government scheme administered by 50 delivery partners, including 6 covering Lancashire. Loan values are up to £25k and are personal loans for business purposes with a fixed interest rate of 6%. Delivery partners provide a range of related support, including a minimum of 15 hours of mentoring over 12 months. In the North West the service is provided by a range of local partners: Lancashire Community Finance, Hyndburn Enterprise Trust, Enterprise4all, Merseyside Special Investment Fund & Riverside Credit Union.

[www.startuploans.co.uk](http://www.startuploans.co.uk)

**Princes Trust – Enterprise Programme**

The programme is aimed at people aged 18-30 who are either unemployed or who are working for less than 16 hours per week. Initially the programme helps them to explore whether self-employment is for them and to evaluate their business idea. A four day workshop explores business planning, including finance and marketing. Those who have their business plans approved can receive mentoring support for two years and apply for Start-up Loan funding. Grants are also available in certain circumstances. The Princes Trust operates from a number of Lancashire offices and a memorandum of understanding has recently been put in place with the Lancashire Growth Hub Gateway service to embed closer working and cross referrals.

[www.princes-trust.org.uk](http://www.princes-trust.org.uk)

**Design Council**

A charity dedicated to improving people’s lives through the use of design. It aims to help grow businesses, improve the built environment, and transform public services. It offers paid-for design support, delivers partner-funded programmes, and campaigns to raise awareness of the value of design. Of particular interest to businesses are

* Design Support for Business – workshops, coaching, skills development and the sourcing of specialist external Design Associates
* Design Support: Pre Revenue Ventures – support with the commercialisation of intellectual property with industrial technologies, science or engineering at the core of the business model. Support is via a combination of workshops and 1:1 support with costs ranging from £1,250 to £2,500 depending on business size and scope of work.
* Design Support: Research and Commercialisation
	+ Introductory training in design methods for commercialisation, £5,000 for up to 20 delegates
	+ Intensive coaching programme for project teams, £7,500 per team
* Design Council Spark – A competitive funding and support programme with applications invited via funding rounds. Applicants must have an idea and at least a basic prototype. Finalists receive 20 weeks of bespoke support and £15k of funding.

[www.designcouncil.org.uk](http://www.designcouncil.org.uk)

**The Intellectual Property Office (IPO)**

Formerly The Patent Office, The IPO is the official UK government body responsible for intellectual property (IP) rights including patents, designs, trademarks and copyright. The IPO is an executive agency, sponsored by the Department for Business Innovation & Skills. It hosts a range of information and support events for businesses in addition to publishing reports and guidance documents.

<https://www.gov.uk/government/organisations/intellectual-property-office>

**Innovate UK**

Supported by the Department for Business Innovation & Skills and billed as “The UK’s innovation agency”, Innovate UK aims to drive science and technology innovations from ideas to commercialisation and longer term social and economic benefit. Underpinned by a National Innovation Plan Innovate UK supports a range of Catapult Centres, each specialising in a key theme of science and technology. It also supports Knowledge Transfer Networks and the Enterprise Europe Network (see separate entry). Key activities include encouraging participation in European Union trans-national programmes such as Horizon 2020 and the operation of a number of thematic and open rounds that invite businesses to bid for innovation funding. The 2016/17 delivery plan sets out 4 top level themes:

* Emerging and enabling technologies
* Health and life sciences
* Infrastructure Systems
* Manufacturing and materials

As an example, funding calls in early 16/17 in the manufacturing and materials theme include additive manufacturing and manufacturing readiness (for near to market innovations).

<https://www.gov.uk/government/organisations/innovate-uk>

**Enterprise Europe Network (EEN)**

EEN is funded via both the UK Government and the European Commission. North West delivery is via 3 partner organisations, Inventyia, Chamberlink and RTC North. The overall network has over 4,000 representatives in over 60 countries. EEN supports businesses with internationalisation and innovation via an online business “matchmaking” database and adviser support. The service supports businesses seeking research and innovation partners or that with to trade internationally. It also provides guidance for applicants to European research programmes such as Horizon 2020.

[www.enterprise-europe.co.uk](http://www.enterprise-europe.co.uk)

**UKTI**

UK Trade and Investment (UKTI) staff provide international trade advice and practical support to UK-based companies who want to grow their business overseas. Regional teams provide a range of support is provided for business of all sizes and UKTI representatives also operate from UK embassies worldwide. Support includes:

* Passport to Export – for businesses considering exporting for the first time. The service provides 12 months of support covering topics such as export readiness, market research, networking, and the production of an export action plan. Adviser support is free but there may be chargeable elements subject to action plan recommendations. A range of online tools is also available.
* Export Communications Review – to help businesses address cultural and language issues to ensure effective marketing messages and ongoing communications in their chosen overseas markets.
* Overseas Market Introduction Service – Assistance with contacts & partners (including supported visits) and the development of market entry strategies.
* Trade shows, delegations, structured overseas visits, supported by a network of locally based UKTI contacts.

[www.gov.uk/government/organisations/uk-trade-investment](http://www.gov.uk/government/organisations/uk-trade-investment)

**Mentorsme**

A national online portal of quality checked and verified organisations that provide mentoring support to both start up and existing small to medium sized businesses. The exact scope of the mentoring provided varies by organisation. Example providers in Lancashire include Community & Business Partners and Orvia.

[www.mentorsme.co.uk](http://www.mentorsme.co.uk)

**British Business Bank**

A UK government owned business development bank aimed at making finance markets work better for smaller businesses. The bank’s programmes helps to facilitate various types of development finance that is provided by over 80 partner organisations under the three broad themes of “start up”, “scale up” and “stay ahead”.

<http://british-business-bank.co.uk/>

**Regional Growth Fund**

The Regional Growth Fund (RGF) was launched in June 2010 to support businesses across all sectors and regions in England. The fund is managed by The Department for Business Innovation & Skills. RGF is a competitive fund with two primary objectives:

•to stimulate enterprise by leveraging private sector investment to support projects and programmes with significant potential for economic growth; and

•to support areas and communities dependent on the public sector to make the transition to private sector-led growth.

The Lancashire Enterprise Partnership has endorsed 4 successful RGF bids in rounds 2, 3, 4 & 6. The round 2-4 programmes are now complete whilst the round 6 programme is still in delivery. Although there have been differences in emphasis and eligibility, the underlying aim all of the programmes is/has been to make available partial capital funding to accelerate job creating private sector business investment within Lancashire’s growth sectors. Regenerate Pennine Lancashire delivered the Lancashire Programmes in rounds 2, 3 & 4. £13.1m was made available to 187 businesses and with over 1,000 new private sector jobs created.

The current programme, Lancashire Business Growth Fund (RGF 6), is led by East Lancashire Chamber of Commerce in partnership with North & Western Lancashire Chamber of Commerce and Regenerate Pennine Lancashire. A total capital allocation of £7.5m is further enhanced by specialist international trade support. Delivery will conclude in March 2017 and the programme is on track for Lancashire businesses to benefit from the full capital allocation in return for new job creation in excess of the original target.

**Lancashire Business Support Provision**

In common with many areas, business support in Lancashire is provided by a broad range of organisations, including those delivering county specific support and those acting as local delivery agents for national schemes. For the past 3 years the Lancashire Enterprise Partnership has sought to help coordinate both local and national business support being provided in the county via a local growth hub. A business support gateway hub was established as part of a suite of high growth programmes branded as Boost Business Lancashire. The gateway provides a central diagnostic and referral service that engages start-ups and existing businesses with both Boost specific and wider support. The Gateway provides a common CRM (customer relationship management) database and business support directory (Support Finder). The Gateway team maintain regular contact with both support providers and those referred for support to ensure that referrals are both appropriate and effective and to ensure up to date information on support offers.

The model has proved successful with the original Boost programme delivering the following headline outputs:

* 286 pre starts assisted
* 104 new high growth potential businesses created
* 1,278 businesses assisted
* 450 individuals provided with skills assists
* 1,116 jobs created and 294 safeguarded

A new round of Boost Business Lancashire support began early in 2016. The new service is providing mentoring and high growth start up and early stage business support, as well as providing for continuity and further enhancement of the central Gateway service. The new programme will place increased emphasis on more in-depth business diagnostics, closer referral management and integrated support provision to ensure the most effective support for start-ups and businesses is provided in a timely and coordinated way.

**Lancashire Business Support Provider Survey**

A survey of Lancashire business support providers was undertaken during February and March 2016. The aim of the provider survey was, in part, to gather up to date information on current and emerging business support offers from local providers. The information will be used to update the Boost Business Lancashire Support Finder resource. The support finder will be openly available via the Boost web site and will also be used by Gateway advisors in helping to recommend appropriate support offers. Additionally the survey sought providers’ views on what they saw as the current issues and priorities in relation to start up and business support in Lancashire.

The survey was circulated to 37 organisations in mid-January 2016 and was followed up several times by both email and telephone. 21 of the contacted organisations provided responses, submitting information on a total of 35 distinct support offers or programmes. Not all responses were from organisations originally contacted, as there was some helpful sharing of the survey between organisations (e.g. onward circulation by Manchester Growth Company)

Although the survey was aimed at gathering information about public sector funded business support, 29% of respondents identified themselves as private sector. This is not inconsistent as private sector organisations are also involved in the delivery of support using public funds.

The following chart and matrix provide a breakdown of the main broad areas of support provided via the programmes for which providers provided responses. It should be noted that a specific support offer may include more than one type of support, e.g. advice and grants.

Most support programmes were available to businesses across Lancashire. A small number were limited to a subset of borough council areas, usually divided on an east/west geography. Some borough councils offer support that is specific to their own borough.

41% of the support offers were specific to SMEs with the remaining 59% being available to businesses of any size. No support was available to large companies that wasn’t also available to SMEs.

A majority of support (56%) was available only to existing businesses but pre starts were well catered for, being eligible for 40% of the support recorded via the survey.

Support was either available to all business sectors (57%), or a range of priority sectors excluding retail. Only one retail specific scheme was recorded in the survey.

Where financial support was offered in the form of grants, the minimum grant offer ranged from £200 to £10,000 and the maximum offered ranged from £500 to £1m. The minimum loans offered ranged from £500 to £5,000 whilst the maximums ranged from £500 to £150,000.

The key deliverables from the support offers were heavily weighted towards the creation of new jobs (29%). The chart below provides a full breakdown but it should be noted that some programmes may have several different outcome types

Most programmes that provided an end date were due to end in either 2017 or 2018.

Finally, providers were asked for any additional comments they had regarding business support provision in Lancashire with 10 providing a response. Key points raised included

* A lack of non high growth potential (generic) start up provision
* A lack of support for retail businesses.
* A lack of support providing mentoring to non high growth potential companies.
* The demise of national products, although one respondent provided an update on plans to seek funding to provide a north west equivalent of the former Manufacturing Advisory Service national offer.

The detailed provider responses will be used to refresh the Growth Hub’s Support Finder service at part of the new Boost Business Lancashire provision that will run from 2016-2018. In addition, the Growth Hub Gateway Service will continue to attempt to gain up to date service information from those organisations that did not respond to the survey. The Support Finder content will be actively managed by the Gateway Service, with regular contact with providers to keep up to date with the progress and content of existing and new programmes of support. Additionally, regular contact will help to ensure effective two way referrals between the Gateway and providers to ensure both that businesses are receiving effective, relevant support and that providers are receiving useful referrals.

**Findings and Recommendations**

This section sets out a number of recommendations and points for consideration in light of the review of the current business support landscape and engagement with both businesses and providers conducted as part of the Lancashire review.

1. This review has focussed solely on publicly funded business support but it is acknowledged that businesses also receive support from private sector sources. This may be via paid consultants, through banks, accountants and solicitors or through business networks and membership bodies. A key test of publicly funded support should be whether a proposed scheme addresses a gap in provision that could not easily be filled by the private sector. The “Boost & Co” concept under the first Boost Business Lancashire programme made some initial steps in fostering closer alignment of public and private provision but this should be built upon. The Growth Hub Gateway should have a key role in considering how private sector business support can complement publicly provided support as part of its information diagnostic and brokerage function.
2. The ability to access appropriate growth finance is a key issue for many businesses and there has often been a confusing mix of grant and loan offers, each with their own eligibility rules and output requirements. The previous North West Fund is to be replaced, from summer 2016, with a Northern Powerhouse Investment Fund covering a significantly wider footprint. Lancashire has an established Rosebud loan fund and has also benefited from capital grant offers through regional growth fund and individual borough council funds. It is recommended that consideration be given to the establishment of a flexible Lancashire wide capital fund that aligns with existing Rosebud provision, such that a small percentage of any offer may be in the form of a grant, whilst the majority is the subject of a loan agreement. It may be prudent for individual local authority funds to also align with this either by not offering individual smaller grant schemes, or through contributing the Lancashire wider fund (in return for a proportionate guarantee of provision in their boroughs).
3. Much start up and early stage business support comes with varying degrees of eligibility requirements including growth potential, age of applicant, benefits status and proposed business sector. Significant support programmes such as Boost are targeted at high growth potential businesses. There is a support gap for an individual that is over a maximum age criteria, is not in receipt of benefits who’s business idea is not projected to have significant early high growth potential. There is also limited support available for retail sector businesses. Consideration should be given to
	1. The provision of more flexible/generic start up and early stage business support.
	2. More diligent scrutiny of applications for high growth support to provide reassurance, as far as is possible, that the proposed business idea really does have high growth potential.
	3. More in-depth evaluation of high growth start up programmes to check whether the proportion of businesses that started up and sustained is significantly better than a “do nothing”
	4. More in depth evaluation of high growth start up programmes to determine how closely actual beneficiary company performance aligned to growth projections outlined at the outset of the support.
4. The survey responses demonstrate that there is an ongoing need for publicly funded schemes to be effectively marketed in order to engage potential beneficiaries. Whilst 75% of businesses survey respondents that had accessed support found it either positive or very positive, 62% reported that they had never accessed any support.
	1. Programmes should only be funded where an evidenced demand can be demonstrated and should come with a robust marketing plan that coordinates with the overall marketing and engagement activity of the Lancashire Growth Hub Gateway service.
	2. Business contact via the Growth Hub Gateway should, where appropriate, result in a dedicated independent Gateway advisor helping the enquiring start up or business to navigate the available provision in order to benefit from the most appropriate package of support. This should include regular feedback loops with the company and those organisations providing the support, in order to evaluate effectiveness of referrals, provision and ongoing support needs.
5. There is currently a gap in Lancashire for an independent (i.e. non institution specific) innovation and technology support offer. National provision may fill this gap but experience has shown that the most effective engagement by national offers has resulted when there has been a local support presence to introduce and guide the national offers. Consideration should be given to whether this role can be fulfilled via the Lancashire Growth Hub Gateway advisors, or whether dedicated provision may be required. Lancashire has recently been selected by The Department for Business Innovation & Skills as one of 3 areas to conduct a Science & Innovation Audit which should provide further detail on current provision and any additional requirements.
6. The information provided in this report captures a partial snapshot of an ever changing support landscape. There is a key role for the Lancashire Growth Hub Gateway service in maintaining up to date and detailed knowledge of existing and emerging support in order to ensure effective coordination and the avoidance of duplication. This will be particularly important in informing funding calls and evaluating bids.
7. The role of the Lancashire Enterprise Partnership’s Business Support Management Board in informing the LEPs feedback and commentary of proposed and active Lancashire Programmes should be more formally established. It is particularly noted in the case of ESIF funds, that the LEP has an advisory role in call and bid development and in commenting on delivery performance but that ultimate decision lies with the central government Managing Authority within The Department of Communities and Local Government. This could be considered a weakness in terms of the ability of the local area to make available resources to support its particular priorities. Any perceived weakness should be able to be mitigated or removed through effective and timely two way communication between the LEP and the Managing Authority to ensure an appropriate alignment of European, national and local priorities and their subsequent resourcing.
8. Funding and delivery agreements should give consideration to a greater degree of results based payments, rather than simpler but potentially less effective payment by volumes of throughput models. These should be backed by closer performance monitoring and the inclusion of contract break points during project delivery.
9. Effective independent evaluation should be intrinsic to any project. This should include evaluation of the initial premise for the project compared to actual activities, delivery arrangements and performance and the tangible impacts for the beneficiaries. Evaluation should take place at the appropriate time and be staged if necessary, for example, some impacts may be immediate whilst others may only be realised over a longer period. Sufficient consideration should be given to the resourcing and scope of proposed evaluation during project development and appraisal.
10. Local funding decision makers should pay particular attention to the following in terms of potential scope for duplication, inconsistency and confusion:
	1. Start up support
	2. Financial products – e.g. loans, grants.
11. The renewed Growth Hub Gateway service needs to play a key operational role in ensuring effective alignment and coordination between national and local business support offers. This is important to:
	1. ensure appropriate Lancashire companies receive sufficient benefit from national offers.
	2. Achieve joined up delivery, avoiding overlap and “initiative” fatigue. The local team can help to deploy the appropriate national resources in a timely manner and may often make linkages that national programme representatives may not have achieved without the benefit of local knowledge.
12. Specifically, there should be closer working between the Growth Hub Gateway and the deliverers of the New Enterprise Allowance Programme. For example, further support may be needed by the NEA beneficiary either in parallel with the NEA support or after it has ended.
13. Most support has relatively broad eligibility or exclusions. Consideration should be given to whether there is a requirement for specific support provision to benefit particular Lancashire growth sectors. The work of the Lancashire Enterprise Partnership Skills Baseline Studies could inform such considerations.

Appendix 1 – Provider Responses – Key Support Areas

| **Organisation Name** | **Support Service Name** | **Advice\Mentoring** | **Grant Support** | **Loan Support** | **Training\ Skills Development** | **Networking** | **Workshops\ events** | **Undergraduate or post graduate placement** | **Other** | **Please specify if other?** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| BFS Funding Managers Limited | Start Up Loans | Advice\Mentoring |   | Loan Support |   |   |   |   |   |   |
| BFS Funding Managers Limited | PROGRESS Micro Loan |   |   | Loan Support |   |   |   |   |   |   |
| Blackburn with Darwen Borough Council | Assistance to Industry |   | Grant Support |   |   |   |   |   |   |   |
| Blackpool Council - Business Support Team | Get Started | Advice\Mentoring |   |   |   |   | Workshops\events |   |   |   |
| Blackpool Council - Business Support Team | Business Growth | Advice\Mentoring |   |   |   |   |   |   |   |   |
| Blackpool Council - Business Support Team | Blackpool Investment Fund |   | Grant Support | Loan Support |   |   |   |   |   |   |
| Burnley Borough Council | Business Growth Programme | Advice\Mentoring | Grant Support |   |   |   |   |   |   |   |
| Chorley Council | Chorley Council Business Support | Advice\Mentoring | Grant Support | Loan Support | Training\Skills Development | Networking | Workshops\events |   |   |   |
| Community & Business Partners | Growth Mentoring | Advice\Mentoring | Grant Support |   |   |   |   |   |   |   |
| East Lancashire Chamber of Commerce | New Enterprise Allowance (NEA) | Advice\Mentoring |   |   |   | Networking | Workshops\events |   |   |   |
| East Lancashire Chamber of Commerce | Lancashire Business Growth Fund | Advice\Mentoring | Grant Support |   | Training\Skills Development |   |   |   |   |   |
| East Lancashire Chamber of Commerce | UK Trade & Investment | Advice\Mentoring |   |   | Training\Skills Development | Networking | Workshops\events |   |   |   |
| Economic Solutions, trading as the Manchester Growth Company | Access to Finance Lancashire | Advice\Mentoring |   |   |   |   | Workshops\events |   |   |   |
| Economic Solutions, trading as the Manchester Growth Company | Textiles Growth Programme | Advice\Mentoring | Grant Support |   |   |   |   |   |   |   |
| Economic Solutions, trading as the Manchester Growth Company | UKTI International Trade | Advice\Mentoring |   |   | Training\Skills Development | Networking | Workshops\events |   |   |   |
| Economic Solutions, trading as the Manchester Growth Company | Enterprise Europe Network (EEN) | Advice\Mentoring |   |   |   | Networking | Workshops\events |   |   |   |
| Enterprise Lancashire | Gearing Up For Growth | Advice\Mentoring | Grant Support |   |   |   |   |   |   |   |
| Enterprise Lancashire | Burnley Market Hall Support | Advice\Mentoring |   |   |   |   |   |   |   |   |
| Enterprise4all (North West) Limited | Growth Support Programme |   | Grant Support |   |   | Networking | Workshops\events |   |   |   |
| Enterprise4all (North West) Limited | General Start Up Support | Advice\Mentoring |   |   |   | Networking | Workshops\events |   |   |   |
| Enterprise4all (North West) Limited | Community Engagement &amp; Empowerment | Advice\Mentoring |   |   | Training\Skills Development | Networking | Workshops\events |   |   |   |
| Federation of Small Businesses |   | Advice\Mentoring |   |   |   | Networking | Workshops\events |   |   |   |
| Hyndburn Enterprise Trust t/a Business Enterprise Trust | Start Up Loans Programme | Advice\Mentoring |   | Loan Support | Training\Skills Development |   | Workshops\events |   |   |   |
| Hyndburn Enterprise Trust t/a Business Enterprise Trust | Start and Grow | Advice\Mentoring |   |   | Training\Skills Development | Networking | Workshops\events |   |   |   |
| IDG | Investors in People advisory and accreditation services | Advice\Mentoring |   |   | Training\Skills Development |   | Workshops\events |   |   |   |
| North and Western Lancashire Chamber of Commerce | International Trade | Advice\Mentoring |   |   | Training\Skills Development | Networking | Workshops\events | Undergraduate or post graduate placement |   |   |
| North and Western Lancashire Chamber of Commerce | International Trade support service | Advice\Mentoring |   |   | Training\Skills Development | Networking | Workshops\events | Undergraduate or post graduate placement |   |   |
| North and Western Lancashire Chamber of Commerce | New business start up | Advice\Mentoring |   |   | Training\Skills Development | Networking | Workshops\events |   |   |   |
| Orvia | MERE Project | Advice\Mentoring | Grant Support | Loan Support | Training\Skills Development |   | Workshops\events |   |   |   |
| Pendle Borough Council | Pendle Council Gearing up for Growth | Advice\Mentoring | Grant Support |   |   |   | Workshops\events |   |   |   |
| Rossendale Borough Council | Regenerate Pennine Lancashire | Advice\Mentoring | Grant Support | Loan Support | Training\Skills Development | Networking | Workshops\events | Undergraduate or post graduate placement |   |   |
| UCLan | Innovation Clinic | Advice\Mentoring |   |   |   |   | Workshops\events |   | Other | Product Design Development and Testing |
| Vedas Recruitment & Training Ltd | Vedas No Cost Recruitment |   |   |   | Training\Skills Development |   |   |   |   |   |
| West Lancashire Borough Council | Business support |   | Grant Support |   | Training\Skills Development | Networking | Workshops\events |   |   |   |
|  |  | **28** | **13** | **7** | **15** | **15** | **22** | **3** | **1** |  |