

LEP - Business Support Management Board

**Tuesday, 30th August, 2016 in Cabinet Room 'B' - The Diamond
Jubilee Room, County Hall, Preston, at 12.00 pm**

Agenda

- 1. Welcome and Apologies for Absence**
- 2. Declarations of Interest**
- 3. Membership** (Pages 1 - 2)
Presented by: Michael Blackburn/Andy Walker
- 4. Minutes of the meeting held on 25 May 2016** (Pages 3 - 8)
- 5. Matters Arising**
- 6. Growth Hub Update** (Pages 9 - 16)
Presented by: Andy Walker
- 7. International Trade - Strategy and Provision** (Pages 17 - 24)
Presented by: Michael Damms
- 8. European Structural Investment Funds Update** (Pages 25 - 28)
Presented by: Andy Walker
- 9. Briefing on UCLAN Productivity Research for LEP** (Pages 29 - 30)
Presented by: Susan Smith, Director of the Centre for SME Development,
UCLAN
- 10. Wider LEP Update** (To Follow)
Presented by: Andy Walker
- 11. Reporting to Lancashire Enterprise Partnership Board**
- 12. Any Other Business**
- 13. Dates of Future Meetings** (Pages 31 - 32)
Board to note dates of future meetings and to agree whether the December meeting would still be required.



Item 3

Private & Confidential: No

Date: 30 August 2016

Subject: Membership of the Business Support Management Board

Report Author: Andy Walker, Head of Business Growth LCC

Executive Summary

Over the past year, the LEP's Business Support Management Board has brought together the key functions of Growth Hub and wider business support oversight with the LEP SME consultation function played by the "network of networks group". The new membership combines individuals and organisations who played a role in both of these functions and as the scope of publicly funded business support projects in Lancashire extends, it will need to find new ways to be able to provide strategic oversight in this area.

As set out in the terms of reference, the BSMB has a maximum membership of 10, with recommended appointments subject to ratification by the full LEP Board.

At present the board has 3 vacancies and provisional recommendations are set out below. These two appointments area aimed to strengthen the representation of commercial business advice providers on the board and to include representation from Higher Education Institutions – an increasingly important player in the business support offer locally.

One vacancy remains and nominations from the group reflecting areas of expertise and experience not already represented within the group would be welcomed.

As points of clarification;-

- Whilst members have clear affiliations to specific organisations, they are appointed as individuals to the Board and new members need to be nominated and ratified by the LEP rather than passed on within an organisation.
- Members can nominate substitutes to attend meetings in their place. Substitutes will be counted towards the quorum and will be entitled to vote, but substitutes should be notified to the Clerk of the meeting in advance and will require approval by the Chair of the Board. It should be noted that the use of substitutes should be by exception rather than rule and member's continual absence may result in their membership being reviewed.

- In order to strengthen direct SME representation, in the future, business organisation should aim to nominate an interested / representative SME in preference to an office bearer.

Recommendation

The LEP BSM Board is asked to:

- (i) Propose Susan Smith and Mark Schofield to be added as BSMB members by the next LEP Board
- (ii) That as a standing item, future agendas will provide BSMB members with an update on the wider work of the LEP

LEP - Business Support Management Board

**Minutes of the Meeting held on Wednesday, 25th May, 2016 at 12.00 pm
at the Former County Mess - The John of Gaunt Room, County Hall,
Preston**

Present

Michael Blackburn
Timothy Webber

In Attendance

Andy Walker

1. Welcome and Apologies for Absence

Chair welcomed members and apologies were noted from Michael Damms, and Gary Lovatt. In addition, Danny Davies attended in place of Councillor Frank McKenna and Alan Welsh in place of Barbara Murphy.

Chair also welcomed Steven Cochrane from Regenerate Pennine Lancashire and Craig Hines from Propel attending to present information to the Board under items 6 and 7.

2. Declarations of Interest

There were no declarations of interest noted at this time.

3. Minutes of the meeting held on 21st March 2016

Resolved: The Board agreed to defer the approval of the minutes from the last meeting due to majority of the members at that meeting not in attendance at this meeting.

4. Matters Arising

Matters arising covered in the agenda.

5. Terms of Reference

The Board were presented with an update of changes to the Terms of Reference for the Board which were agreed by the LEP Board on the 5th April 2016.

Resolved: The Board:

1. Noted the revised Terms of Reference.
2. To identify potential representatives from HEI's and Business Finance to attend the Board to bring back to the next meeting.
3. To identify whether the link to the ESIF Committee and Skills Board needs to be added to the terms of reference.

6. Final Report - Business Support Simplification

A condition of the interim grant support from BIS in 2015/16 was that each LEP/Growth Hub should conduct a Business Support Simplification Audit within its area, in an attempt to develop a more simple landscape where businesses could easily understand what was available at their location.

The Board has received reports on the development of this exercise/document and now moving to submit conclusions to BIS.

Steven Cochrane from Regenerate Pennine Lancashire was welcomed to the meeting to discuss the findings and recommendations from the draft report circulated with the agenda. A number of areas was highlighted to the Board which included:

- Access to growth finance has shown to be a key issue due to a confusing mix of grant and loan offers. One of the recommendations would be the alignment of funding streams to assist with this.
- There are gaps in support such as no generic start up offer for individuals over the maximum age and whose business idea is not projected to have high growth potential. In addition there is limited support to retail sector.
- Many respondents had not accessed any support. There was a need to ensure effective marketing to engage and also a need to question whether sufficient demand is there.
- There was a gap identified for a local independent innovation and technology support offer.
- It was evident that more appropriate and regular feedback was required and looking to devise a Trip Advisor style rating system to support this.
- There is a need to maintain and keep up to date information on the business support landscape.
- More funding through results based payments required to give a greater link to performance monitoring and effective evaluation of projects which could be built into all contracts.
- Effective coordination required between national and local products.

Members were invited to comment on the draft report (detailed below)

It was confirmed that in relation to the unified approach to funding, this is currently under review and looking at more holistic approach to policy.

In relation to an innovation plan, it was reported that there were plans in place to convene a steering group around this. In addition, it was reported that BAE are actively supporting and identifying need. It was agreed there is a need to link to the private sector as well as universities.

The Board acknowledged the need to understand the local authority grants around how active they are and whether they should focus on areas where support is not provided to work more closely with Growth Hub.

The Board agreed that the recommendations resolved some of the issues around duplication and gaps in support but further work was required.

The Board agreed that there is a need for an innovation plan aligned to the four key sectors – manufacturing, digital, healthcare and energy which are supported by transport, skills and professional services.

The concern around support to retail was highlighted particularly around the connection with town centre regeneration. In addition it was highlighted that some tourism businesses were not eligible which also has an impact. Although it was argued that by growing business areas, it could have a positive impact on retailers. It was felt that there could be the potential for the local authority funding to be targeted to support regeneration in town centres to attract businesses and therefore promote a positive impact to the retail sector.

Resolved: The Board:

1. Noted the report.
2. Approved its submission to BIS.
3. To seek information on whether there is a single coherent Lancashire based plan for town centres which includes transport.

7. European Funded Business Support Projects - Update/Overview

Andy Walker provided information to the Board on Boost and the wider business support offer through the diagram provided with the agenda which included:

- Chorley Digital Office Park –a regeneration project.
- U-Start, Princes Trust Better off in Business and Enterprise Support - have received application approval.
- There were a number of university projects and unsure at this time if they would fully materialise.

Andy reported to the Board that in relation to the financial and outputs position, the thematic objective TO3 (SME) is nearly fully committed but there is the potential to transfer funding from other priorities if required. TO1 Innovation was reported to have a significant amount of funding still available and awaiting the larger projects coming forward.

The Board were informed that there is a signed commitment for projects which have completed the application process but those for those still in pipeline, there could be a risk depending on the outcome of the EU referendum.

Craig Hines was welcomed to the meeting to discuss Propel (a presentation has been appended to these minutes for information).

The presentation outlined the overview of the support offer, who it is aimed at, the journey and the outputs which included:

- Account management throughout process
- Continuous monitoring and evaluation
- Work with fewer companies but at a higher level
- Support to 499 businesses over the next three years

Members were invited to comment on the information provided (detailed below).

Marketing and leadership/management were the top two areas for support. It was also highlighted that business needs could also be very sector specialist.

Eligibility was reported to be very restrictive (B2B only) and there is currently nowhere to signpost businesses to if not eligible.

It was reported that Peer to Peer networking has proved to be very popular (business to business support) to assist with growth.

8. Lancashire Growth Hub 2015-16

In 2015, the Department for Business Innovation and Skills (BIS) made a revenue grant to each of the 39 emerging Growth Hubs in England. This payment was aligned with but not part of the Growth Deal. As a condition of this funding, BIS requested that an Annual Report be prepared and signed off by the LEP before submission.

BIS have made a further offer of revenue grant for 2016/17 and 2017/18 and similar reporting requirements will be in place to account for the use of this resource. Given that BIS have developed a standard template for the submission of data, we should then be able to compare performance across hubs.

Andy Walker provided an outline to the Board on the report circulated with the agenda. The Board commented that they were eager to look at the comparison of performance across the hubs

The deadline for submission was reported to be in the next two weeks.

Resolved: The Board:

1. Noted the report.
2. Approved its submission to BIS.

9. Growth Deal 3

Andy Walker provided a verbal update on the 3rd round of the Growth Deal due to end June/July. The proforma has been circulated to those who have previously engaged with Growth Deal. This round was reported to be capital led (i.e. housing projects).

Resolved: Paper from the June LEP Board to be circulated to the Board.

10. Reporting to Lancashire Enterprise Partnership Board

Resolved: The Board confirmed the following to go to the LEP Board:

1. BIS report submission.
2. Link Lancashire Strategy to the four sectors.
3. Understanding activity around town centres.
4. Place based plan to support and encourage business development.
5. Connecting silos.

11. Any Other Business

None.

12. Date of Next Meeting

Next meeting to be held on the 30th August 2016 at 2pm. Cabinet Room B, County Hall, Preston.

Resolved: The Board requested a check to identify if this meeting date would need changing.



Item 6

Private & Confidential: No

Date: 30 August 2016

Subject: Growth Hub - Update August 2016

**Report Author: Andy Walker, Head of Business Growth LCC
Andrew Leeming, Programme Manager Boost**

Executive Summary

This report provides an update on the progress of the next phase of Boost Business Lancashire, the counties Growth Hub.

Recommendation

The LEP BSM Board is asked to note and comment on the report.

1. Background

Boost is the Business Growth Hub for Lancashire. Its role is to encourage enterprise and to help growth oriented businesses to identify and unlock the barriers to their progression. The initial phase of Boost ran from June 2013 to November 2015. During this period, Boost was funded through the European Regional Development Fund (ERDF), with match funding mainly from Lancashire County Council, and contributions from a number of other delivery partners, including UCLAN and Lancaster University.

The project was successful in meeting its funding targets. At the outset, Boost aimed to help 3,000 businesses over a 3-year period. In the event, some 2951 businesses were supported in the 2.5 years to November 2015.

The project met its overall targets with **1274** unique business assists being recorded against a target of 1269. As a programme that was launched at a time of economic recession, Boost has made a significant contribution to the growth of SMEs in Lancashire, with **909 of the 1274** businesses assisted demonstrating improved performance and **over £50 million** of additional GVA secured for the Lancashire economy. In total, assisted businesses took on a further **1,166 employees**.

Following the close of the initial ERDF programme, and pending the availability of a second round of ERDF funding, Boost has been operating a basic service, with a website and telephone helpline, utilising funding through the BIS Growth Deal.

LCC have now been successful in bidding for a new tranche of ERDF funding and this came on-stream in January 2016. ERDF grant of £3,706,660 has been secured against a total programme of support amounting to £7,356,660 over 3 years, match funding for this project has been provided by Lancashire County Council and Lancashire County Developments Ltd. Following an EU compliant procurement process, a new suite of Boost project have been developed and 'Boost 2' is now fully operational.

2. New Boost Services

In its new format, Boost has been redesigned, taking on board feedback from businesses on the kind of support they need, and taking into account the results of the independent evaluation of Boost that was carried out in late 2015. Boost now has 4 main strands of support (compared with 6 previously).

One of the main changes from the previous format is that two projects, the Innovation Clinic and Lancashire Forum, managed by UCLAN and Lancaster University respectively have been developed as free-standing projects, although they are still aligned with Boost's objectives.

Another important change is the introduction of more robust performance targets underpinned by contractual clauses, particularly in respect of the number of new businesses supported, as this was one area of underperformance in the previous programme. The final change is a more in-depth Information, diagnostic and brokerage stage introduced when businesses first contact Boost. This will enable a significant number of business enquiries to be dealt with at source, and will facilitate more accurate signposting and referrals to the most relevant business support.

The main Boost service are therefore:

Boost Gateway - this provides an initial assessment of business needs, identifies the barriers to growth and matches business needs with the most appropriate support organisations. The Gateway contract commenced on 1st June and is being delivered by Regenerate.

All companies contacting the Gateway will undergo a diagnosis of need to establish Boost eligibility and determine the most appropriate onward support programme. This will include both Boost products and external offers. This will result in the enquiry being dealt with at source, referred to a Boost programme, or referred on to other appropriate business support.

The Gateway will promote, refer and co-ordinate the client journey for other, new business support offers that emerge either from ESIF or from other funding sources. This will allow the hub to develop a sustained relationship with client businesses and team them with support appropriate to their growth needs at any given point in their development.

Growth Support Service – this is aimed at potential entrepreneurs and young enterprises. This has been significantly redesigned from the previous start up

programme, and has introduced new lean start up tools and techniques as well as robust performance mechanisms to drive the focus on growth and deliverable outcomes. The Programme commenced on 1st March and is being delivered by Winning Pitch in conjunction with Enterprise4All.

Potential entrepreneurs will be offered a 3 part '*Launchpad*' programme consisting of at least 12 hours support. Winning Pitch will also deliver a structured programme of Action Learning Sets targeted at young enterprises. These Action Learning Sets will be held over a 3-week period, on a cycle of every 6 weeks and delivered on a one-to-few basis. (Maximum cohort – 20 enterprises)

These are structured learning events enabling small groups of enterprises to address complex growth challenges by working together collectively. Action Learning is a powerful approach for working on difficult and challenging growth obstacles faced by young enterprises.

Growth Mentoring Programme - this will match the development needs of SMEs with experienced and successful Lancashire entrepreneurs and company directors. This is based on the very successful mentoring model that has operated in Lancashire for many years, initially in the form of the Guardian Angels programme, and more recently as the Boost mentoring initiative. The programme started on 1st March and will be delivered by Community and Business Partners and Orvia.

Having established the mentoring format preferred by the client: one to one/ or group mentoring or a combination of both (supplemented as needed by telephone and/or web-based dialogue) the client and mentor will be matched. Mentors will only work with a client where they can add value to the business and they also chose who they work with so they show commitment to the journey.

They will discuss areas of the business that may be causing barriers to growth, such as cost control, effective marketing, retaining and acquiring customers and staff motivation and development. Solutions will be identified through effective questioning and listening and sharing of experiences and knowledge. A minimum of 12 hours of support is undertaken over a period of months, enabling the client to implement changes whilst maintaining motivation, momentum and focus.

Growth Vouchers - any early stage SME will be able to apply for a Growth Voucher, to offset the cost of implementing growth proposals provided that the project has been justified through one of:

- Through a personal action plan produced by participation in the *Growth Support Programme*;
- Through a *Growth Mentoring* record;
- A Business Case supported by a company's accountant or financial advisor;
- Through the Growth Hub's Gateway Service.

The Growth Voucher budget of £750,000 will be managed by the Gateway under the supervision of the County Council. Companies will apply for assistance to help to unlock specific barriers to growth. The minimum grant will be £1000, and the maximum £5,000. Each Voucher must be matched pound for pound by the businesses themselves. Examples of the kind of project that would be supported include:

- Production of a prototype prior to full-scale production
- Commissioning specialist Intellectual Property advice
- Production of a marketing campaign or branding
- Paying for specialist technical expertise
- Development of a website or re-development of a website with additional functionality
- Development of key business software i.e. stock control, order processing.

Marketing

The success or otherwise of Boost depends to a large extent on how well it is used by Lancashire businesses. In order to ensure that businesses are aware of the range of support available, Boost has a central Marketing function that has the role of driving enquiry 'traffic' to the Boost Gateway. It also provides support to the individual Boost strands in promoting their services and in raising awareness overall of the role that business support can play in supporting business growth. The regular bulletins and newsletters coordinated by the marketing function will include powerful case studies relating to businesses who have benefitted from Boost support.

3. Output targets and performance to date

Overall, Boost aims to engage with a target of 3000 businesses in Lancashire over a 3 year period to December 2018. As part of its ERDF funding agreement, Boost is required to deliver a number of key outputs that contribute to the overall targets for the ERDF Operational Programme. These are:

Indicator	Target
Number of enterprises receiving a minimum of 3 hours Information, Diagnostic and Brokerage support -	1640
Number of enterprises receiving a minimum of 12 hours support -	1360
Number of businesses receiving grants -	300
Private sector investment -	£750,000
Number of businesses receiving non-financial support -	1060
Number of potential entrepreneurs supported -	360
Number of new enterprises launched -	180
Number of new jobs created -	1000

Progress in achieving these outputs is recorded monthly and reported quarterly to CLG who are the Managing Authority for ERDF funding. It is early in the the development of the project, but good progress has been made in engaging with businesses. To date (3rd August) 717 businesses have contacted the Boost Gateway and been referred to individual programmes or support organisations. 61 business assists have so far been recorded (min 12 hours support).

The table below shows the quarterly ERDF targets for businesses assisted by Boost over the next 3 years:

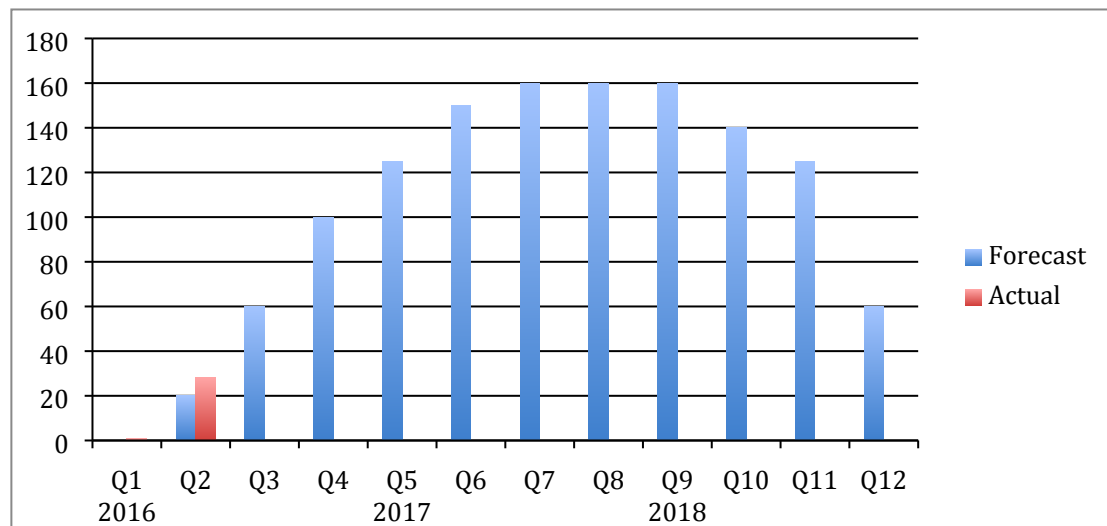


Table – Quarterly Business assist targets for Boost (Cumulative target = 1360)

4. Governance and managment arrangements

In terms of accountability for the ERDF funding for Boost, Lancashire County Council is the official 'Accountable Body', and is required to report to CLG on the performance of Boost against expenditure and output targets. LCC is also required to have robust systems in place to evidence and record achievements and these will be the subject of regular verification from CLG including formal periodic audits.

To achieve this LCC has appointed a full time team of 4 staff to manage Boost and to satisfy the requirements of the funding body. As custodian of the ESIF funding for Lancashire, the Lancashire Enterprise Partnership also has a valid interest in Boost and in particular the LEP Business Support Management Board will receive regular updates on the performance of Boost.

Appendix 1 attached to this report shows the overall governance arrangements for Boost and its relationships to other business support in Lancashire.

5. Alignment with other business support in Lancashire

Boost is designed as a business growth project but it fits into a wider web of business support products that can help Lancashire businesses. In this respect it is important that in helping businesses that they are guided to the most appropriate source of support.

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 significantly rationalised the national business support landscape, but there are a number of important lines of support that businesses can still access. It will be an important role of the Boost Gateway to maintain an up to date register of all relevant national support and where appropriate to signpost local business to this provision.

In addition to this, the Lancashire ESIF provides funding for a number of other business support strands (these are shown in appendix 1). It is important that this process simplifies not confuses the support network for businesses. In order to achieve this we are introducing a Memorandum of Understanding that all ESIF funded business support project are asked to sign. The MOU contains important principles covering the sharing of information and joint referrals between Boost and other business support projects.

6. BIS Interim Support for Growth Hubs

Aligned with requests for revenue support within Growth Deals, BIS (now BEIS) have made a short term commitment to support the development of Growth Hubs across the 39 LEP areas. Being a relatively mature hub, Lancashire has been able to use this additional resource to augment its core growth hub activity.

In 2016/17 Boost has been granted £328,000. The proposed use of this resource is as follows:-

BIS Growth Hub Grant 16/17 - £328K		£	328,000
Boost non ERDF Support	Crabtreewood	£	36,000
Business Advisers Development	To Be Procured / SFEDI	£	45,000
Access 2 Finance	Manchester Business Solutions	£	112,812
Business Product Development with NHS	Innovation Agency	£	100,000
Construction Hub	Preston's College	£	30,000
Digital Talent - Digital Advantage	White Room	£	15,000
Business Mentor for Care Leavers	CBP	£	12,500
Business Networking	Hospitality Various	£	3,000.00
	Audit Fee	£	1,500.00
		£	355,812
		-£	27,812.00

7. Summary

Because Boost has only been operating for a number of weeks, it is too early to draw firm conclusions on the performance of the new Boost project, but the signs are encouraging in relation to the numbers of businesses with growth prospects who are engaging with Boost. In terms of progress in establish delivery contracts, setting up systems and in delivering outputs, Boost appears to be significantly ahead of where it was at this stage in the previous ERDF programme.

It is intended to submit regular progress reports to the Business Support Mangement Board which will also feature specific examples of the kind of businesses who interact with Boost and the impact of Boost support on their business growth.

Andy Walker, Head of Business Growth
August

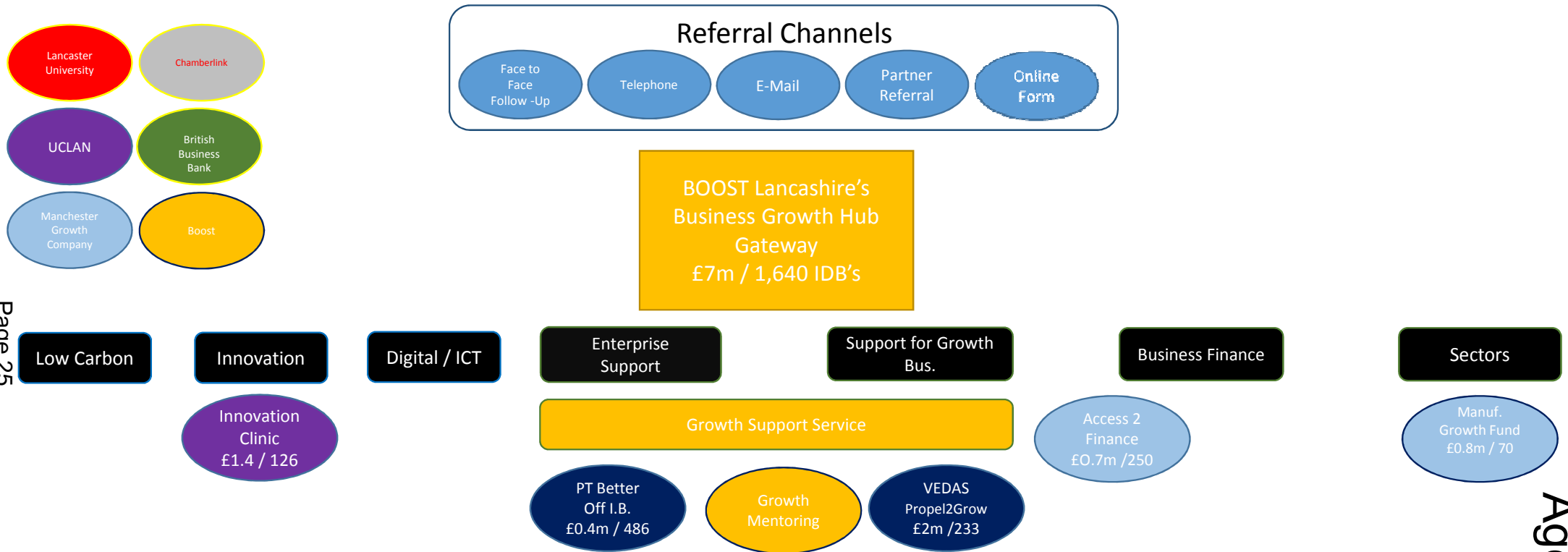
2016

Agenda Item 7

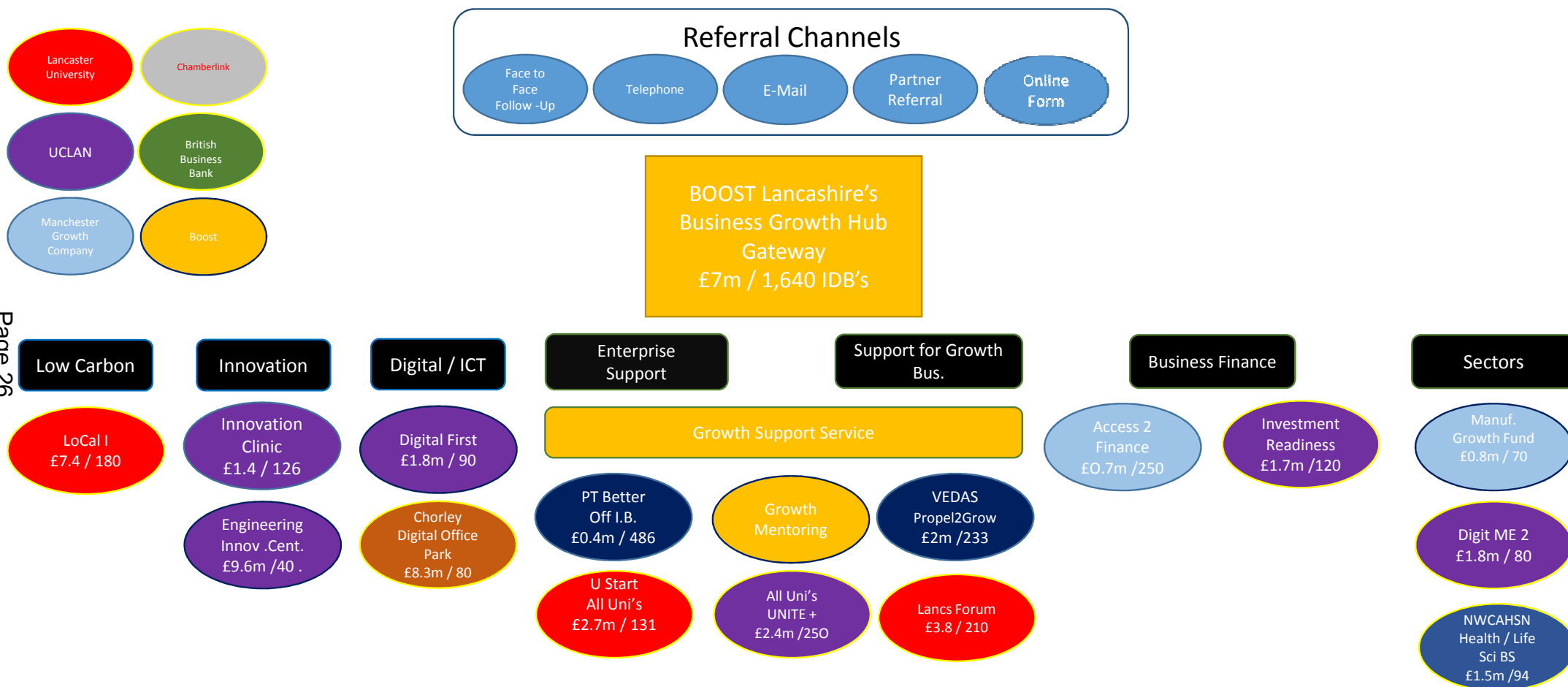
"(NOT FOR PUBLICATION – Exempt information as defined in the Freedom of Information Act 2000. It is considered that in all the circumstances of the case

Document is Restricted

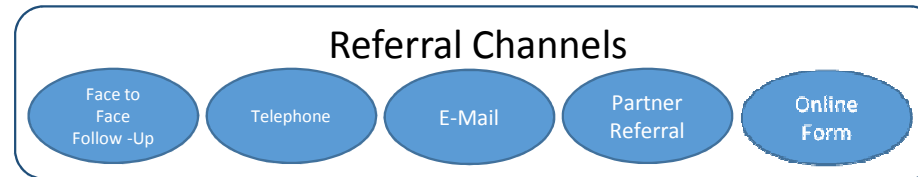
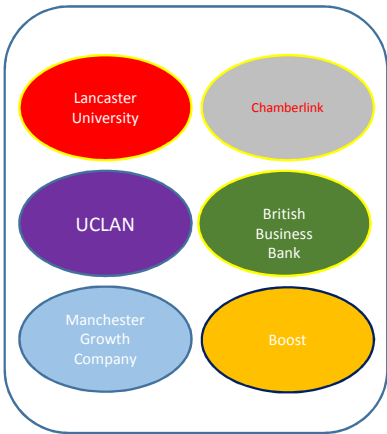
Approved ESIF - Business Support Offer 1/08/16



Awaiting Contract Business Support Offer 01/01/16

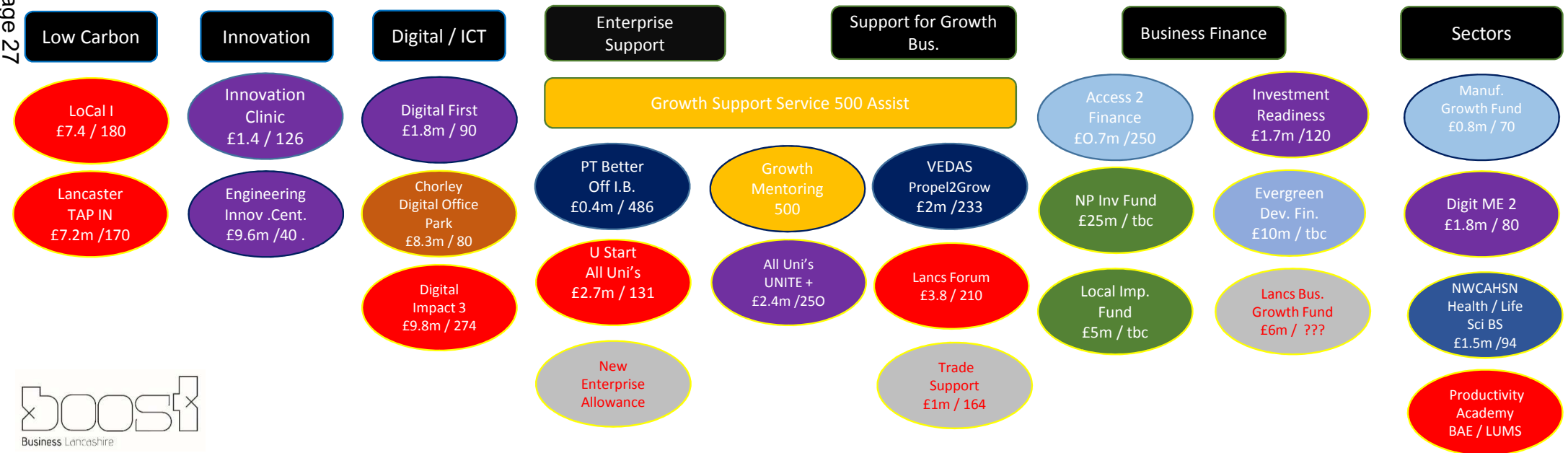


Full Pipeline - Business Support Offer 01/08/16



**BOOST Lancashire's
Business Growth Hub
Gateway**
£7m / 1,640 IDB's

Page 27



Exploring the Productivity Gap in Lancashire – Project Plan

Aim of the project is to:

explore the productivity gap within Lancashire. In light of the strategic economic plan being refreshed, this is a good opportunity to drill deeper into the issues relating to the productivity gap, gather data on the landscape of SMEs within Lancashire through secondary and primary research and potentially inform how the LEP allocates future resources.

This piece sits within the context of two other significant strategic areas of activity: skills and innovation.

To achieve the aim of the project, the following research will be carried out:

Secondary research includes:

- The definition of productivity to be kept deliberately broad to encompass an interplay of growth, employment, GVA, jobs, skills and ‘smarter’ practices
- What is the economic contribution of SMEs in Lancashire? What are the characteristics of Lancashire SMEs? Do they suffer from growth aspiration deficit, and what is growth aspiration? What does a high growth / dynamic business look like? Discussion about birth and death rates of SMEs and what Lancashire looks like and is there information on this by sector?

Primary quantitative research:

- A survey of nearly 9,000 Lancashire SMEs
- The survey will investigate the SMEs at a firm level.
- The purpose of the survey is to find out what the relationship is between productivity, leadership & management, ICT & e-business strategy, innovation, and international activities. Related to international activities, what would be the opportunities and challenges during and after Brexit?

Primary qualitative research will explore the relationship between capital (human, social and institutional) and productivity at an individual level (SME managers / owners). This will probably comprise of four components (resources permit):

- A workshop/focus group with the two Chief Executives of East and North & Western Lancashire Chamber of Commerce and Industry, and managers of intervene programmes. This is to explore the effects of current invention programmes on productivity and possible recommendations for future programmes.
- Interviews with SMEs that took part in an intervention programme (with Winning Pitch) but decided not to participate further. This is to explore barriers to growth.
- Interviews with medium-sized enterprises. This is to explore what the ‘glass ceiling’ is for mid-caps. What risks did they have to take for growth? How did they overcome the challenges?

- Possible interviews with pre start-ups, to explore the necessary support they need to start up and sustain their businesses.

Possible outcomes of the project:

- Productivity is defined within the context of Lancashire
- Key factors that have an effect on productivity are identified
- Growth aspiration is identified
- Barriers to growth and possibly barriers to start-up (resources permit) are identified
- Recommendations on how to build and maintain an entrepreneurship ecosystem, that embraces a culture of self-sustainability that could be achieved by promoting learning skills

LEP – Business Support Management Board

Future Meeting Dates 2016-17

Date	Time	Venue
25 th October 2016	12-2pm	Cabinet Room C, County Hall Preston
1 st December 2016	12-2pm	Lancashire Records Office, Preston (venue change)
19 th January 2017	12-2pm	County Mess, County Hall Preston
17 th March 2017	12-2pm	County Mess, County Hall Preston

