

Item 6 Private & Confidential: No Date: 30 August 2016

Subject: Growth Hub - Update August 2016

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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 indepth 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 accuate 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.

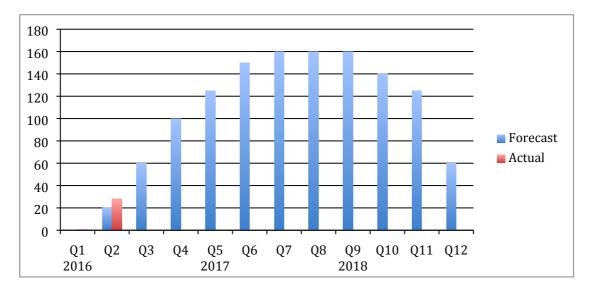
3. Output targets and performance to date

Overall, Boost aims to engage with a target of 3000 businesses in Lancahsire 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:





4. Governance and managament arrangements

In terms of accountbility 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 apppears 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

Appendix 1 – Boost Governance Structure

