

**Heart of the South West Local Enterprise Partnership
LEP Board Paper agenda item 6d. appendix i)**

Report title: Current Business Support landscape

Date: 07.09.2020

Purpose: This paper is for **decision and noting**

Link to LIS (or Recovery Plan?): Indicate by **bolding** which area the paper links to.

Inclusive Growth			Clean growth	
Energy		Engineering		Digital
Ideas/ Innovation	People/Skills	Infrastructure	Bus. Environment	Places

Timing: (when will the recommendations, if agreed, take effect) n/a

Financial Impact: (cost or cost saving) tbc

Decisions requested: Board to note the paper and current trends with regards to the publicly funded business support landscape. Board to agree to search for and identify potential funding solutions for business support programmes.

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Summary

The current publicly funded business support landscape has been peppered with Covid emergency support. This has been developed quickly and the needs of businesses have changed rapidly with different needs in different sectors. This was done against a business support framework which was already very diverse and fragmented. Programmes have been developed and are being led by different organisations, e.g. local partners, the LEP, national organisations and Government. A recent NAO report on Business Support schemes highlighted that Government alone delivers over 100 different business support schemes. A large majority of business support schemes interact directly with their clients and information flow between them and the LEP is not always established. The LEP only has limited influence and information about several key programmes in our area. This paper aims to provide a high level overview about the different programmes that are currently available and offer some insight on future developments.

Overview over existing programmes

Mapping

Research commissioned by the LEP in 2019 identified a number of publicly funded programmes that were due to finish at the end of 2019. Since then some of these programmes have secured additional funding that will allow their work to be extended for a limited time.

The Growth Hub Annual Mapping Report for 2019-20 contained the following...

The business support 'map' comprises of national, area-wide and local schemes to support business growth and for those looking to start-up a new enterprise. The national resources include extensive online resources and business guidance backed-up with a national Business Support Helpline service. The next tier are Government funded programmes such as the Start Up Loans scheme or export advice through the Department of International Trade that are available countrywide. The European Structural Funds remain a key funding source for many programmes with part funding from the European Regional Development Fund (ERDF) featuring in mainstream area-wide schemes such as the Growth Support Programme, High Value Manufacturing Advisory Programme and Export for Growth.

Many of the business support schemes, particularly those that could be considered the mainstream business support schemes, offer a combination of advice, guidance, workshops and information covering a range of business issues. Supplementing this scheme provision are initiatives, funding or finance support options and extensive sources of information and guidance. Broadening the business support definition further, there are skills related support schemes and initiatives both for those in work and for those seeking employment. The provision of schemes and support is ever changing as new funded services are launched and others come to their end.

The following table gives a useful overview of the mainstream business support schemes and sources of funded support for businesses and for those looking to start-up. It does not list all 75+ schemes and 300+ sources of support and guidance to which the HotSW Growth Hub team have signposted businesses but does give a picture of the business support schemes and funded support available across the HotSW LEP area.

National Resources	Business Support Helpline Gov.uk - online resources Business is Great – online resource (renamed businesssupport.gov.uk)
HotSW LEP area wide business support	Heart of the South West Growth Hub (ERDF) HotSW Growth Support Programme (ERDF) Start Up & Grow Programme (ERDF) Enhance Social Enterprise Department for International Trade / (ERDF) Export for Growth Innovate UK / Innovate2Succeed / Enterprise Europe Network Mentoring – Business Mentors SW / Cornerstone Hinkley Supply Chain Start Up Loans High Value Manufacturing Advisory Programme Inspire / Scale-up support Chambers of Commerce / FSB / NFU Better Business for All (BBfA) Skills Support for the Workplace & various skills related programmes EU Space Agency Ambassador Programme Grants such as RDPE Growth Grants Funding competitions / Investment calls (typically short-term windows)

Local business support	<i>Local Authority business support & guidance (occasionally grants)</i> <i>Local Authority funded Advisor support</i> <i>Managed workspace / Enterprise Centres</i> <i>Local Action Group / LEADER funding (fully allocated in most areas)</i> <i>Targeted programmes (often linked to ERDF in Devon / Transition area)</i> <i>Local initiatives or support (typically available in application windows)</i>
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Short-term initiatives, including several offering grants or funding competitions, continue to be a common feature of the business support 'map'. These initiatives would not typically be categorised as a mainstream business support scheme option due to the short-term and often sporadic nature of the funding or support on offer. The Growth Hub team seek out such initiatives. There is a dedicated section of the Growth Hub website for any initiative offering funding, thus bringing together all similar initiatives in one place.

Deeper analysis is required to fully understand the gaps in business support provision and how well the provision that is available meets the needs and demands of business owners and managers. As an example, whilst there are several schemes offering finance related support there is not a dedicated finance advice scheme available to businesses. Similarly, there are limited grant options available and indications remain that accessing finance is an issue for many businesses.

LEP commissioned programmes

The LEP has commissioned several business support programmes directly, most notably the Growth Hub – Service for All. In addition, the LEP has commissioned a Scale-Up support programme (delivered by Inspire) and the Nuclear Supply Chain programme, which is being delivered by South West Manufacturing Advisory Service (SWMAS). The Bounce Back Digital programme, which is led by Digital Skills Partnership (DSP), will be extended to September. These projects all report outputs and progress to the LEP.

ERDF funded programmes

The picture regarding ERDF funded programmes is uneven. Generally speaking, the LEP has worked with MHCLG on the development of all call specifications. Cooperation with the LEP was written into all call specs yet projects were free to describe if/how they would deliver this. The final decisions on programme entry are being made by MHCLG as Managing Authority.

The LEP has applied for funding (through SCC as Accountable Body) for the delivery of the Inward Investment programme, which has now gone live. In addition, the following business support programmes are **currently** being delivered through ERDF funding (with end date where known):

- Growth Support Programme (business support through the Growth Hub) – extension until 30.04.21 has been agreed; follow up application is under review
- New Start Devon (Enterprise Coaching targeted at deprived areas) – 31.10.2021
- HOSW Inward Investment Support – 31.12.2022
- High Value Manufacturing Advisory Programme – 30.09.2022
- SME Digital Utilisation for Growth – 31.03.2022

Previously delivered projects include:

- Local Manufacturing Advisory Programme
- Export for Growth (national opt-in)
- Start Up & Grow
- Enhance Social Enterprise Programme

We receive regular reports from the Growth Support Programme and Social Enterprise Programme and the Inward Investment programme is being led by the LEP.

With regards to the other programmes we do not receive any monitoring information as these are only submitted to MHCLG. We are unable to measure their success in our area.

National programmes delivered through LEPs

BEIS provides funding for delivery of the Growth Hub service. This is part of the overall funding package for our Growth Hub Service for All (see above). BEIS Funding has been confirmed for 20/21 and the delivery programme has been developed by us.

The Growth Hub has been incredibly busy since March with strong demand for business reviews and digital support and delivery. They have been able to flex in order to meet the needs of businesses and mobilise additional capacity to handle enquiry levels far greater than previously seen.

Headline KPI performance to the 30th August shows that the annual target for businesses engaged has been exceeded in just 5 months

Ref.	Deliverables	KPIs for April 2020 to March 2021	Actual to 20 th August
B1	Number of (countable) businesses engaged	1,700	1,893*
B2	Number of businesses referred to local or national schemes	350	75 (excluding Kickstart grants) **
B3	Number of businesses receiving more intensive support	200	150

**Expected to increase when client business data is verified **Around 1,100 businesses referred to Kickstart Grants*

In addition, BEIS has recently announced funding for Peer Networks. This programme needs to be delivered by 03/21 and in line with the project and people specification and 74-page Playbook developed by BEIS. We have started working on the delivery of this project.

Previously, BEIS distributed funding through the Growth Hub clusters for delivery of an EU Exit Awareness programme. Again, this project had a very short delivery timeframe (6 months) and content was developed by us. We worked together with partners across the region to create a wide ranging programme of support and information gathering. Overall lead for this was CloS LEP as cluster lead for our area.

BEIS has recently started to raise awareness of other initiatives that are delivered by third parties (of which some have received BEIS funding). These are not national schemes and engagement is optional. We have successfully engaged with Be the Business and agreed the delivery of a specific tourism support programme. We are meeting with Enterprise Nation, who are delivering the Amazon Small Business Accelerator to understand their programme better and what the benefits for our region would be.

Other Support

A significant provider of business support is the private sector. The focus of this paper is on the publicly funded support. Banks, accountancy firms, membership organisations such as chambers and FSB have been and will continue to be key partners and a valuable source of support. The HOTSW area has a considerable number of networks and support groups and the mapping identified over a 100 active groups in our areas.

Covid-19 Support

In response to the pandemic, the UK Government introduced a range of support measures including Local Authority Grants, Discretionary Grants, Furlough Scheme, Support for Self-Employed, the Kickstart Scheme to create jobs placements for young people, and the Kickstart Grants delivered through the Growth Hub. The growth hub itself received limited funding 50K to deal with increased demand for their services which was supplemented by the LEP. These national schemes were often announced before contractual guidance had been developed. While they have provided valuable life lines to businesses, the speed which they were developed meant they often had gaps in delivery or were just not enough. The Kickstarter grants and the Discretionary grants in particular were heavily oversubscribed and funding fully committed in days.

It is likely that we will see future needs for

- Key sectors who were heavily impacted e.g. a request for a continuation of the furloughing scheme for tourism and hospitality.
- An increase in demand for self-employment/business start-up support as unemployment rises
- Support for businesses so they can take advantage of national schemes being – e.g supply chain development for SME's so they can supply the 5K green housing retrofit programme/ help with accreditation

EU Exit

As the UK prepared to leave the EU in 2019, funding was made available by government to enable LEPs / Growth Hubs to increase advisor capacity, help businesses prepare, and undertake intelligence gathering. The UK now approaches the end of the transition period with many businesses having exhausted contingency resources, which were previously available, because of the Covid-19 lockdown. Currently there is no indication whether similar funding will be offered to provide similar support to businesses.

Future considerations

ERDF funding will come to an end in 2023 at the latest. Government has announced the creation of UKSPF but no further information on a start date has been given. There is no other public funding for revenue business support available in the wings. The Getting Building Fund focussed on capital investments.

As a consequence, we are already experiencing gaps in business support provision, e.g. start-up. These gaps will widen as further programmes come to an end. Moreover, the recovery programme that is currently being developed will require additional funding to deliver its aims. Therefore it is necessary to identify potential funding solutions to deliver these programmes. While Business groups are willing partners and deliverers they have no capacity without funding.

The lack of reporting of schemes not directly delivered by the LEP is limiting our ability to understand which projects and programmes work and do not work in our region. Monitoring and evaluation is working well for directly delivered schemes but less for programmes delivered by third parties. Going forward we need to identify opportunities to increase information flow.

BEIS has asked Growth Hub clusters whether a national business support review would be helpful. Such a review would be welcomed. Given the amount of schemes that are being delivered at the national level any business support simplification attempt would need to include all stakeholders involved in the commissioning of business support.

Large-scale redundancies will increase the number of individuals looking at starting-up a business, with a different approach from traditional start-ups, and we currently do not have a response to this.

Trends – Direction of Travel

BEIS recognise the challenges posed with funding awards for Growth Hubs on an annual basis, and are keen to look for a 3-year settlement as part of the Comprehensive Spending Review.

There is a greater emphasis on a National Model, with LEPs required to adhere to Conditions of Funding rather than Principles of Funding for the current Growth Hub funding awards, and a prescriptive approach for the delivery of Peer Networks.

BEIS want an increased account management approach to business support, and not just for larger businesses.

The messaging from BEIS is that Growth Hubs are seen as a powerful way forward within government.

Summary

The business support landscape is multi-layered and complex. Schemes are being delivered by different stakeholders and the LEP has limited influence on those schemes that are not being delivered by the LEP or partners. Current funding for business support beyond ERDF is unclear. No further details about UKSPF are currently known. The LEP will need to identify additional sources of funding to deliver business support, including the COVID recovery programme.

What can the LEP do?

Identify revenue funding that can be used to provision business support – UK Shared Prosperity Funding and lobby for a fair share. The allocation of UK Shared Prosperity funding should be no less than we received in the current funding allocation

Lobby for a 3-year settlement on Growth Hub funding in the comprehensive spending review. This will give certainty of delivery

Develop solutions to help fill gaps in current provision

- A programme of support for start-ups, as the furloughing scheme ends it is likely we will see an increase in redundancies and a rise in demand for start up support
- Investor readiness and access to finance

Support foreign owned businesses vulnerable to the impact of the UK leaving the EU, this should include the additional role identified by DIT to be actually based in the HOTSW area

Lobby for sectors which have been particularly hard hit by Covid 19, e.g. manufacturing, tourism hospitality and leisure businesses. Ensure their needs and issues are feed up through BEIS. Ensure we keep providing intelligence