

**West of England Local Enterprise Partnership
Board meeting – Wednesday 18 January**

West of England Growth Hub

Purpose of the report

1. To provide an overview of the region's business support service, the West of England Growth Hub, including delivery arrangements, performance to date, and future direction and opportunities.

Recommendation

For Board members to note background ahead of a presentation at the meeting.

Overview

Background

2. Small businesses have long been regarded as essential drivers of growth in the UK economy and research has shown that those that utilise support services during their early years of development are more likely to succeed in creating high value companies. There are currently 55,095 SMEs in the West of England each employing fewer than 250 people – 99.5% of the total business stock – with 45,880 (83%) employing fewer than 10 people. There is a strong need to provide effective support for small businesses due to many struggling to find what they need to access supply chains, plan effectively, and scale up
3. Despite these benefits, however, the take up of business support is generally low. It is often difficult to assess the benefits of bespoke advice and support without having yet experienced it – this means the support can be undervalued by businesses. Compounding this issue is the fact that the business support system at local, regional, and national levels is historically fragmented and complex for small businesses to navigate. These result from market failures such as information inequalities, concerns about the cost/value of services, and concerns about the trustworthiness of external support and advice to access finance and foreign markets, for example.
4. Growth Hubs stem from national government policy aimed at delivering a more consistent and quality-driven service for businesses to raise productivity and deliver economic growth across the English regions. In simple terms, they:
 - Offer a triage, diagnostic and signposting service so businesses can access the right support at the right time.
 - Provide co-ordination and simplification of the business support 'ecosystem' in partnership with a range of local and national stakeholders, across the public, private and third sectors.
 - Shape provision according to local business needs and maintain wider communication channels with businesses.

- Support delivery of national and regional strategies, policies and programmes; and
 - Gather 'on the ground' business and economic intelligence to support local and national service provision, and ongoing policy development.
5. The West of England Growth Hub, managed by the Combined Authority's Business and Skills Directorate, is an integral part of the region's support for businesses, drawing together a wide range of interventions into a single coherent offer.
 6. Since April 2022, our Growth Hub supported over 2,864 businesses, with a 69% annual increase in intensive growth support **where a business received multiple support measures*. In the previous year the service received 46,170 unique visitors to its revamped website, helped almost 800 individuals start a business, and directed 2,078 businesses to a relevant skills or training programme. Since 2018/19, it has supported just over 9,800 businesses in total. An interactive performance dashboard can be accessed [here](#).

Delivery arrangements

7. The Combined Authority has built additional resource to complement the Growth Hub offer, including through regional recovery funding which now stands at £20m total investment. This has included, for example, a Cultural and Creative Recovery Programme (with targeted support for creative freelancers), a Business Growth and Adaptions Grant, and continuation of the Low Carbon Challenge Fund, among other new strategic programmes and services.
8. In addition, the West of England Productivity Challenge – a £5m investment blending core Growth Hub funding with Combined Authority Investment funding – established to tackle low productivity (our "long tail") by promoting the uptake of new technologies, innovation, improved management practices, cleaner business models, and export opportunities, has continued to deliver.
9. The £8m Workforce for the Future programme, has enhanced the Growth Hub's skills and training offer to small businesses, including through 'Share to Support' – a regional service designed to encourage levy paying businesses to support the creation of new apprenticeship opportunities across their supply chains – this has already retained £1m funds in the region (with a further £2m pledged) and generated over 200 apprenticeships.
10. Alongside this core regional offer, the University Business Support programme – a 'hub and spoke' model of business support delivery between the Combined Authority and West of England Unitary Authorities – has helped extend the reach of core services into all parts of the region and facilitated a more inclusive approach.

All of these interventions are summarised in a refreshed [Business Support Guide](#).

11. The Growth Hub has continued to develop key partnerships with local, regional and national stakeholders. The regional Business Insights Panel has been particularly valuable and was established to provide intelligence on 'real time' issues and

opportunities impacting on the local economy. The Panel shares good practice and information on business support projects, services and initiatives being introduced and delivered in the West of England. Membership includes Business West, FSB, Visit West, Institute of Directors, ICAEW, British Business Bank and the main regional commercial banking leads.

Impact

12. An *evaluation* has shown that:

- Business feedback about the Growth Hub services is generally very positive. Most businesses rate the support provided very highly, and many responses to surveys mention the quality of interactions with Growth Hub staff and the importance of a personalised approach.
- The business support ecosystem in the West of England remains very complex, however, with numerous publicly funded providers and multiple levels of 'regional' organisation. Some businesses found it difficult to correctly identify the funder or provider of their support, leading to confusion. The Growth Hub's prominence in the ecosystem has reduced this issue to some extent.
- The Growth Hub provides support to thousands of businesses, and no business network or business support provider reported receiving any significant negative feedback. Despite the breadth of support offered, the perception of the Growth Hub is positive across the board.
- The Growth Hub has pivoted more to high intensity support in the last year reflecting the impact of macroeconomic factors like the Covid-19 recovery and inflation. Growth Hub statistics show increases in medium and high intensity support and similar increases in referrals to skills, training, finance and funding courses.
- 50% of businesses that responded to the evaluation survey had experienced improvements in productivity or staffing as a result of the support. Some respondents describe the support having dramatic positive effects on their business.

13. An evaluation of the West of England Productivity Challenge, 18 months into delivery, concluding it had exceeded all targets, engaging 21,675 businesses with 2,705 receiving a meaningful intervention, 160 new business starts and 237 new jobs. Business surveys undertaken through the review, demonstrated high levels of satisfaction. Most notably 54% of survey respondents said their productivity had already increased since receiving support.

Looking forward

14. Despite this broadly positive picture, the Growth Hub faces ongoing challenges in maintaining and building on the high-quality service which has been developed. BEIS has confirmed core funding for the 2022/23 delivery year at 50% of the value of the last two years, which means certain aspects of our offer will need to be reduced. The

Combined Authority with the West of England Unitary Authorities is currently looking at alternative funding sources to bridge this gap, including the UK Shared Prosperity Fund.

15. The reduction in funding and the absence of a longer-term funding settlement, will inhibit the ability of our services to focus more concerted on the strategic issues that matter the most to our people and businesses. Soaring inflation, driven by increasing energy costs, is already placing huge pressures on the region's businesses at a time where the impact of the pandemic has left many vulnerable.
16. The Growth Hub will play a key role in delivering on the West of England Metro Mayor's priorities. This includes, for example, the [Good Employment Charter](#) - a new voluntary and free accreditation scheme, to ensure employers provide a more rewarding, inclusive, and sustainable work environment for all their employees. The Charter has already seen over 100 businesses sign up as active supporters.
17. The new [West of England Jobs Connect](#) service has been established to help businesses develop an end-to-end recruitment approach to make it much easier to access the people they need to fill job vacancies and manage redundancy situations. In addition, the new Climate and Ecological Strategy and Action Plan 2022, will support businesses and local people to benefit from the growth in the green economy; maximising government investment in the region and supporting our businesses to grow, by tapping into new opportunities like renewable energy.
18. There are opportunities to further extend the reach of support across the region by strengthening links and capacity across the Combined Authority and Unitary Authority economic development functions, building on the success of the Universal Business Support programme. The UAs and CAs are currently co-designing a new *West of England Business Support Programme* to double down on efforts to: 1) build economic resilience; 2) increase business productivity and sustainability; 3) address Issues of access, inclusion, and social mobility. The programme valued at £8.5m of investment over three years will deliver 370 new jobs (FTEs), 262 business start-ups, and a net GVA uplift of £18m. Funding from a range of sources is being targeted including the new UK Shared Prosperity Fund and the Combined Authority's Investment Fund.
19. The new £200m [South West Investment Fund](#), led by the British Business Bank, aims to increase the supply and diversity of early-stage finance for smaller businesses. Going live in 2023, it will offer a range of commercial finance options with loans from £25,000 to £2 million and equity investment up to £5 million. The Growth Hub will have a key role to play working with fund managers to maximise take up of the Fund across the West of England.
20. A range of *Case Studies* of how Growth Hub support has helped people and businesses to make real changes and increase their growth prospects can be found [here](#).

Authors: Stephen Bashford and Antony Merritt