

Cabinet

11 October 2018

Warwickshire County Council's Financial Contribution to the Coventry & Warwickshire Growth Hub (2019/20-2021/22)

Recommendations

That Cabinet:

- 1) Notes the requested allocation of £128,000 per year (rising to £130,560 in year 3) for the next three years to the Coventry & Warwickshire Growth Hub.
- 2) Considers this request for funding as part of the framework of the County Council's 2019/20 budget setting process.
- 3) Agrees to receive annual reports on the performance and impact of the Growth Hub

1 Background

- 1.1 The Coventry & Warwickshire Growth Hub emerged through the Wave 2 City Deal process, and coincided with a wider Government ambition to establish local centres for advice and support to businesses. The Coventry & Warwickshire City Deal was based around simplifying access to, and increasing the provision of, business support to companies within the Advanced Manufacturing & Engineering sector. A "Clearing House" was established, with Government providing rent free space (for the first 2.5 years) at Cheylesmore House, Coventry. Funding of £2.7m was also secured through the Regional Growth Fund to support the running of the Clearing House, and to provide additional business support (grants to businesses in the sector looking to grow and expand, innovation support and grants, skill support and grants, and inward investment and international trade support).
- 1.2 Local match funding was required to draw down this Regional Growth Fund resource, and demonstrate local commitment to the model. The eight local authorities of the City Deal area (Coventry, Warwickshire and Hinckley & Bosworth) agreed to provide initial funding in year 1, with an expectation that any future funding would be secured from the CWLEP, future Government funding streams, European funding, and private sector resources. These

contributions were based on the average of Spending Baseline and Spending Power of each constituent local authority, which for Warwickshire County Council amounted to £528,371 (47% of the total). There was also a shared expectation that the Growth Hub would become self-sustaining over time thereby removing dependence on local authority resource.

- 1.3 At end of year 1, the Growth Hub expanded its role and remit beyond companies within the advanced manufacturing and engineering sector only, to all business sectors. This coincided with the change of name from the Clearing House to the Growth Hub, and aligned the Coventry & Warwickshire model with other Growth Hubs established around the Country.
- 1.4 In 2016, the Coventry & Warwickshire Local Enterprise Partnership wrote to the local authorities of Coventry & Warwickshire to request further funding support to continue the work of the Growth Hub for the period 2016-2019. Warwickshire County Council agreed to provide further funding of £100,000 a year for the three year period. During this time, the Growth Hub has been successful in securing European Regional Development Funding (as part of the wider Coventry & Warwickshire Business Support Programme) to support some of their work, and have established a trading arm to their operation (Business Growth Solutions) to generate income for the Growth Hub. Income generation is hoped from a range of activities, including a recruitment support service, procurement portal, enterprise toolkit, and sponsorship through the Coventry & Warwickshire Business Festival.
- 1.5 The inaugural Coventry & Warwickshire Business Festival was held in November 2017. Over the course of two weeks, 114 different events were held, with just under 5,000 attendees, of which nearly a quarter came from outside of the Coventry & Warwickshire area and included delegates from Italy, Nigeria and Sweden. Warwickshire County Council sponsored the event, and were involved in running a number of events, including the Warwickshire Food & Drink Festival, Economic Outlook Breakfast event, and Access to Finance and Procurement workshops. The Festival is viewed as a success, and will be held again in 2018 and 2019.

2. Funding request from the Coventry & Warwickshire Growth Hub

- 2.1 Over the course of the last 4 years, the Growth Hub has reduced its overheads by relocating to new premises and has pursued a blend of funding, maximising opportunities from European funding, to make it more resilient.
- 2.2 The Growth Hub Subsidiary Board at its March meeting agreed the operational budget for the Hub for 2018 at £745k. The figures below outline the shortfall between committed revenue and indicated income.

Projected income and expenditure assuming 2% inflation over 3 years

Income	2019/20	2020/21	2021/22
BEIS Funding 2018/19	£ 300,000		
ERDF Funding	£ 109,000	£ 110,000	
LA Funding	£ 336,000	£ 336,000	£ 342,720
Total	£ 745,000	£ 436,000	£342,700
Operating budget	£ 745,000	£ 759,000	£ 774,180
<i>Contingency balances</i>		£ 313,000	£ 431,460
Shortfall	0	0	0

The line above regarding contingency budgets is the expected income from Government via further BEIS funding, and locally generated income from tradeable activities to make up the shortfall.

It is not possible at this stage to accurately identify the sources and level of funding for beyond 2021, but it is believed by the CWLEP that there will be further funding from BEIS and opportunities from the UK Shared Prosperity Fund which will replace European Funding beyond Brexit. This does therefore constitute a potential risk to the local authority contributions.

- 2.3** Blending together core funding with Business Festival contribution, the following table indicates the ask of Local Authorities proposed by the Growth Hub:

Local Authority	2019/20	2020/21	2021/22
Warwickshire CC	£ 128,000	£ 128,000	£ 130,560
Coventry CC	£ 128,000	£ 128,000	£ 130,560
Nuneaton BC	£ 15,000	£ 15,000	£ 15,300
Warwick DC	£ 15,000	£ 15,000	£ 15,300
Rugby BC	£ 15,000	£ 15,000	£ 15,300
Hinckley/ Bosworth BC	£ 10,000	£ 10,000	£ 10,200
North Warks BC	£ 10,000	£ 10,000	£ 10,200
Stratford BC	£ 15,000	£ 15,000	£ 15,300
Total Funding	£ 336,000	£ 336,000	£ 342,720

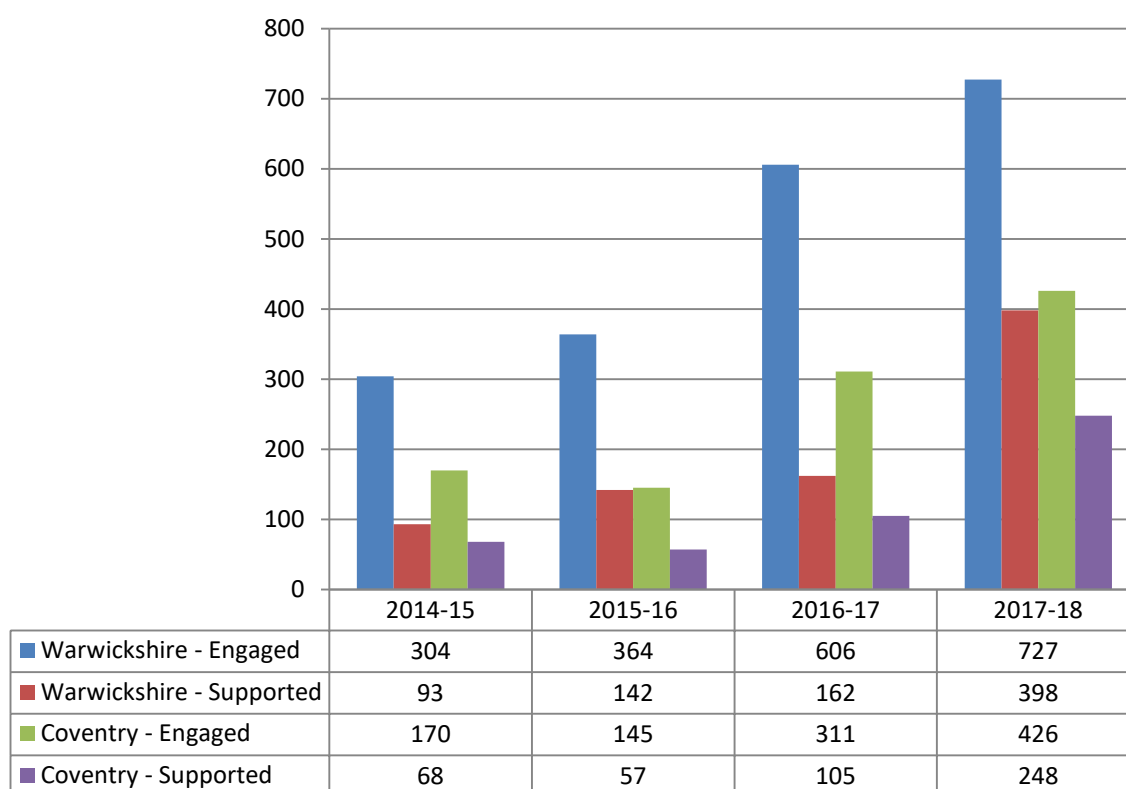
A three year deal with local authorities is being sought, which rises after year 2 with inflation, thus increasing to £ 342,720 in 2020/21, assuming a rate of inflation of 2%.

- 2.4** Given the uncertainties identified above regarding “contingency balances” and future income opportunities, it is recommended that the requested local authority contributions be considered as the maximum level of support, and that these contributions should reduce if additional income is secured/generated.

3. Role & impact of the Coventry & Warwickshire Growth Hub

- 3.1 There is a range of business support available in the market, and it was recognised that businesses can find this confusing and difficult to navigate. This can act as a barrier which reduces their engagement in this support. Research shows that businesses who do engage in business support programmes are more likely to succeed and grow (and less likely to fail) than those who do not. The Growth Hub was therefore established to be a one-stop shop to enable businesses to be informed of the range of support available, and to be brokered to the most appropriate delivery partner/programme. All key delivery partners within the Coventry & Warwickshire area recognise the need and importance of having this accessible “front door” to business support, and recognise the role of the Growth Hub.
- 3.2 The Growth Hub therefore acts as an independent and objective broker, seeking to understand the needs and issues of the company/individual, and then brokering for them the most suitable support programme(s) available. This is classed as a “Business Engaged” in the performance monitoring detailed below.
- 3.3 It should be stressed that the Growth Hub does not itself provide or deliver business support. Instead, it seeks to engage businesses/individuals, and successfully broker them into support programmes which will provide this support. When the business or individual has been provided with the support of an external agent, the Growth Hub counts this as a “business supported”.
- 3.4 It is imperative that the Growth Hub remain neutral and objective in their provision of information, advice and brokerage. It will therefore be essential to ensure that any activity undertaken through the new trading arm of the Growth Hub aligns with this principle, and does not compete with any existing provision in the area.
- 3.5 Figure 1 below provides a summary of the number of businesses engaged and supported (successfully brokered into support programmes) over the past four years of operation of the Growth Hub.

Figure 1: Businesses engaged and assisted by the C&W Growth Hub



- 3.6 The Growth Hub is a key priority for the Coventry & Warwickshire Local Enterprise Partnership, and its role as a front door for business support is recognised within the revised Coventry & Warwickshire Strategic Economic Plan. Moreover, the business community strongly support the simplification and improved accessibility of business support programmes that has been achieved through the Growth Hub. Furthermore, the Government remain committed to the development of Growth Hubs as part of their Industrial Strategy as they are “determined to promote strong, sustainable and balanced growth across the country, helping all of our cities, towns and counties reach their full potential. Growth Hubs will be critical to this and will play a key role”.
- 3.7 The Growth Hub also plays a pivotal role within the Coventry & Warwickshire Business Support Programme (a comprehensive set of business support, utilising European Regional Development Funding, delivered through two linked projects run by Coventry City Council and Warwickshire County Council), and is seen as critical for providing an overarching marketing and promotion role, undertaking initial engagement, and then brokering into the various delivery arms of the programme.

4. Warwickshire County Council's Future Investment in the Growth Hub

- 4.1 Given the key role that the Coventry & Warwickshire Growth Hub plays in the business support partnership landscape within the local area, it is recommended that Warwickshire County Council should continue to provide investment into the Coventry & Warwickshire Growth Hub.
- 4.2 It is therefore recommended that this request be included within the County Council's budget setting process.

	Name	Contact Information
Report Author	David Ayton-Hill	Davidayton-hill@warwickshire.gov.uk
Assistant Director	Mark Ryder	markryder@warwickshire.gov.uk
Joint Managing Director (Communities)	Monica Fogarty	monicafogarty@warwickshire.gov.uk
Portfolio Holder	Cllr Isobel Seccombe	cllrmsseccombe@warwickshire.gov.uk

This report was circulated to the following elected members prior to publication.

Local members: N/A

Other members: Councillors Boad, Seccombe, Timms, Butlin, O'Rourke, Singh Birdi