

Portfolio Holder Decision

Government Funding for Growth Hubs

Portfolio Holder	Portfolio Holder for Economy
Date of decision	29 July 2024
	Signed

1. Decision taken

That the Portfolio Holder for Economy:

- 1.1 Authorises the Executive Director for Communities to agree terms and conditions with the Department for Business and Trade (DBT) for a grant for Growth Hub delivery in Warwickshire in 2024/25 on terms and conditions acceptable to the Executive Director for Resources.
- 1.2 Authorises the Executive Director for Communities to award the 2024/25 grant from DBT for Growth Hub delivery in Warwickshire to Coventry and Warwickshire Growth Hub Limited (CWGH) on terms and conditions acceptable to the Executive Director for Resources.
- 1.3 Authorises the Executive Director for Communities, in consultation with the Portfolio Holder for Economy, to agree terms and conditions with DBT for any subsequent grants for Growth Hub delivery in Warwickshire in 2025/26 and any later years on terms and conditions acceptable to the Executive Director for Resources.
- 1.4 Authorises the Executive Director for Communities, in consultation with the Portfolio Holder for Economy, to award any subsequent grants from DBT for Growth Hub delivery in Warwickshire in 2025/26 and any later years to CWGH on terms and conditions acceptable to the Executive Director for Resources.

2. Reasons for decisions

- 2.1 Following closure of Coventry and Warwickshire Local Enterprise Partnership and in line with the wider integration of LEP functions into local democratic institutions, responsibility for Growth Hub delivery in Warwickshire has now been transferred to Warwickshire County Council.
- 2.2 In 2023/24, the Council was awarded a £0.261 million grant by the Department for Business and Trade (DBT) for Growth Hub delivery in Warwickshire which Cabinet agreed to award to Coventry and Warwickshire Growth Hub (CWGH) in full.

- 2.3 The Council is now expecting a grant offer from DBT for a further £0.261 million in 2024/25. Approvals are, therefore, required both for the Council to be able to agree grant terms and conditions with DBT and for the Council to be able to award the grant to CWGH.
- 2.4 Approval is also sought for the Executive Director for Communities, in consultation with the Portfolio Holder for Economy to be able to agree any subsequent grant terms and conditions with both DBT and CWGH for Growth Hub delivery in Warwickshire in 2025/26 and any later years on terms and conditions acceptable to the Executive Director for Resources.

3. Background information

Issues

- 3.1 In July 2023, Cabinet agreed that the Council would become a shareholder of Coventry and Warwickshire Growth Hub Limited alongside Coventry City Council (CCC). In November 2023, the Council and CCC entered into all necessary arrangements and agreements including the Articles of Association and a new Shareholders Agreement. The CWGH Board also agreed a new Three-Year Business Plan.
- 3.2 In November 2023, the then Chancellor of the Exchequer announced in the Autumn Statement that funding for Growth Hubs in England would continue in 2024/25.
- 3.3 In March 2024, DBT confirmed that core funding had been agreed to support the Growth Hub network across all of England. DBT also confirmed, where institutional boundaries have not changed (like in Warwickshire), that combined, unitary or upper tier authorities would receive the same grant allocations as 2023/24. New allocations have been put in place (elsewhere in England) where new boundaries have been created.
- 3.4 In late May 2024, DBT confirmed that the Council would receive an allocation of £0.261 million payable this financial year specifically for the purpose of the 'giving of advice and support to businesses via the Growth Hub'. The grant is again only for delivery in Warwickshire. Funding for delivery in the West Midlands Combined Authority (WMCA) area including Coventry has (like in 2023/24) been allocated to WMCA.
- 3.5 In order to enable DBT to draw up a formal grant offer letter, the Council has been asked to submit a delivery plan confirming Growth Hub deliverables and priorities for 2024/25 against five headings:
- Management, Governance, and Strategic Coordination
 - The Customer Journey
 - Strategic Partnerships and Business Support Simplification
 - Data, Monitoring, Reporting, Evaluation and Value for Money
 - Business and Economic Intelligence

- 3.6 The Council has also been asked to confirm use of the grant in 2024/25 including the expenditure and forecast quarterly spend.
- 3.7 The 2024/25 grant is expected to be awarded under Section 11 of the Industrial Development Act. Approval is, therefore, required for the Council to be able to agree grant terms and conditions with DBT.

Options

- 3.8 The Council's options are limited. Not accepting the grant from DBT is considered a non-option. DBT are only allocating funding for Growth Hub delivery to combined, unitary or upper tier authorities in England. CWGH also plays a key role in the local business support landscape and the delivery of key Council priorities including the new Warwickshire Economic Growth Strategy.
- 3.9 Withholding a proportion of the grant in 2024/25 to fund the additional costs incurred by the Council in managing and administering the grant has also been considered. However, this has been discounted on the grounds of maximising support for CWGH and the Council being able to fund its costs in 2024/25 via the separate Post Local Enterprise Partnership grant (see 4.6 below).
- 3.10 It is, therefore, recommended that the 2024/25 grant from DBT for Growth Hub delivery in Warwickshire is used to support delivery of the new Business Plan agreed by CWGH Board. In particular, it is recommended that the Council agrees grant terms and conditions with DBT and that the Council awards the expected £0.261 million grant to CWGH in full.
- 3.11 In 2023/24, CWGH used the DBT grant to provide 352 businesses in Warwickshire with 'light touch' triage, information and/ or signposting support and a further 380 businesses with 'medium intensity' information, diagnostic and brokerage support. A further 107 businesses in Warwickshire also received 'high intensity' support e.g., account management.
- 3.12 It is unclear at this stage whether Government will continue to fund Growth Hubs in 2025/26 and beyond (even before the recent General Election and the change in Government). However, further Government funding is a potential scenario given the Growth Hub network now exists across England. Approval is, therefore, sought for the Council to be able to agree any subsequent grant terms and conditions with both DBT and CWGH for Growth Hub delivery in Warwickshire.

Timescales

- 3.13 The Council is now expecting a formal grant offer letter from DBT. The Council will only enter into a Grant Agreement with CWGH for the 2024/25 grant funding once an agreement with DBT is in place.

4. Financial Implications

- 4.1 It recommended that the grant from DBT for Growth Hub delivery in Warwickshire is used to support delivery of the new Business Plan agreed by CWGH Board. In particular, it is recommended that the grant is allocated to CWGH in full in order to support specific operational delivery costs in Warwickshire including the costs of the business navigators and account managers.
- 4.2 The 2024/25 grant will be awarded under Section 11 of the Industrial Development Act. It is expected to be payable quarterly in advance and that DBT will have the ability to recover any net underspends at the end of the year.
- 4.3 The DBT grant will be used in Warwickshire alongside the £0.1 million grant agreed by the Council to support CWGH in 2024/25, expected contributions from some of the district and borough councils and some commercial income.
- 4.4 All DBT grant conditions will be passed down to CWGH (where relevant) including the financial risk. Governance and monitoring requirements are already in place to provide assurance that both the Council and CWGH are meeting both the grant conditions and the English Devolution Accountability Framework (2023), relevant Assurance Framework and other statutory requirements.
- 4.5 A Subsidy Control Assessment will be undertaken in order to ensure compliance with the Subsidy Control Act, and the subsidy will be published on the Government subsidy transparency database.
- 4.6 There is not any revenue impact on the Council in 2024/25 as a result of the decision. The Council's additional costs involved in managing and administering the DBT grant will be covered by the separate Post Local Enterprise Partnership grant already awarded to the Council as a Section 31 grant. The revenue impact in any future years will need to be considered at that point. It is expected, if the Post LEP or equivalent grant is no longer available, that the Council would be able to use a proportion of any future grants for Growth Hub delivery to fund reasonable management and administration costs.

5. Environmental Implications

- 5.1 CWGH already plays an important role promoting and signposting businesses in Warwickshire to environmental and low carbon support programmes. This includes the new Warwickshire Business Energy Advice Service commissioned by the Council and the District/ Borough Councils.

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Urgent matter?	No
Confidential or exempt?	No
Is the decision contrary to the budget and policy framework?	No

List of background papers

Members and officers consulted and informed
<p>Portfolio Holder – Councillor Watson</p> <p>Corporate Board – Mark Ryder, Purnima Kandula</p> <p>Legal – Sarah Eley, Caroline Gutteridge, Sioned Harper, Harminder Nagra</p> <p>Finance – Caroline Jones</p> <p>Equality – Delroy Madden</p> <p>Democratic Services – Helen Barnsley, Nicole Conway</p> <p>Other Officers – Fay Winterburn, Isobel Woods</p> <p>Councillors Clarke, Chilvers, Feeney and Fradgley</p>