

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 5 March 2014
Subject: Business Growth Hub Update
Report of: Mark Hughes, Chief Executive, Manchester Growth Company

Summary

To provide an update on:

- (a) the progress made by the Business Growth Hub in delivering business support services since its establishment in November 2011
- (b) the performance of other related business support and business finance services provided by Economic Solutions Ltd

Recommendations

That the report be noted

Wards Affected

All

Contact Officers

Mark Hughes, Chief Executive, Manchester Growth Company

Introduction

Business Growth Hub Update

1. Background

- 1.1 This paper sets out the progress made to date on the development of the Business Growth Hub (the Hub) in Greater Manchester (GM) with specific reference to delivery across Manchester.
- 1.2 The paper also outlines how Manchester City Council and other Local Authorities have been engaging with the Hub and sets out the impact to date of current Hub programmes.

Timeline of Development

- 1.3 In 2010 the North West Regional Leaders Board agreed to the development of a network of Growth Hubs across the Northwest. It was envisioned that these Hubs would act as the focal point for all private and publicly-funded support services for companies that demonstrated growth potential.
- 1.4 The development of the Greater Manchester Business Growth Hub was initially funded by the Economic Solutions Group and launched in November 2011. It had a small team of four staff who developed the Hub's initial partner network and provided a basic events programme, with a telephone/web support service. In the early stages of the Hub's development this small team were not able to provide in-depth support to clients.
- 1.5 In October 2012 the Hub attracted ERDF (£4.8 million) to expand the service available to Greater Manchester companies. However, the associated City Deal funding (£4.4 million) that provided the majority of the match-funding was not contracted until October 2013. The Hub therefore started to recruit staff to provide in-depth business assistance in the latter half of 2013. (Some teams were able to offer support from the Summer of 2013 using other match funds but most teams have not been able to offer a service until recently, e.g. the Digital Growth team commenced in-depth delivery in February 2014. Most of the Business Growth-Hub's in-depth support services have been operational for less than six months.)
- 1.6 During 2013 the Hub attracted further, smaller funding contributions from partners, including Creative England, the Technology Strategy Board and a number of Greater Manchester Local Authorities.
- 1.7 The Hub now has a core team of seven Growth Advisors with 20 GM-focused staff providing more specialist services, including Growth Start-up, Mentoring, Digital Growth and Access to Finance. These teams are now working with 25 additional start-up businesses and 120 new growth clients per month. By June 2015 the Hub will have supported 304 growth start-ups and assisted 1,685 growth businesses. In addition, Economic Solutions also has 4 resource efficiency advisors, 8 North West Manufacturing Advisory Service advisors, 28

North West International Trade advisors and North of England textile advisors. The work of these staff includes delivery in Greater Manchester and complements the Hub's services.

Fitting into the Wider Business Support Landscape

- 1.8 The Hub forms part of a wider landscape of publicly-funded business support available to companies throughout Greater Manchester. The Economic Solutions Group also delivers a range of other regional or local programmes including the Enworks resource efficiency service. Further, the Group delivers contracts in the North West for the national Manufacturing Advisory Service, the UK Trade and Investment Trade service and the Enterprise Europe Network service. Where it has been possible, these local and national services have been aligned to the Hub's core offer.
- 1.9 There is also a wide range of other publicly-backed business support that is available to companies across GM. To ensure that clients are offered the best and most appropriate support, the Business Growth Hub works in close collaboration with a broad range of providers of publically-funded support. There are over 70 ERDF-funded programmes that the Hub has engaged with and, where relevant, referral agreements have been established. Where possible the Hub works closely with national programmes e.g. the BIS-funded Growth Accelerator and with local programmes e.g. the Greater Manchester Business Start Up Support programme.

The Target Market

- 1.10 The Hub was established to focus its support on growth companies and to target resources where it could have its biggest impact. At the time the Hub was developed, Government focused its resources on the development of the programme that is now known as the Growth Accelerator. This programme focused on companies that could demonstrate a growth potential of 20% or more per annum over three years. GM recognised the need for support for a wider client base and therefore set out to focus its support on:
- SMEs with 10 or more employees, with the potential to increase turnover or employment by an annual, average rate of between 5% and 20% over a 3 year period.
 - SMEs with fewer than 10 employees, that over three years have the potential to increase employment by at least 3 employees or annual turnover by £0.25m.
 - Start-ups with potential to achieve turnover of £0.25m within three years of starting trading, or to have at least 5 employees within three years.
- 1.11 The Hub also aims to support with SMEs who are not captured in the above groups but who had a longer term ambition to grow. However, the level of support that the Hub offers any one client is driven by the potential for growth.

The Development of the Growth Hub Network

- 1.12 The Hub's services operate across the whole of Greater Manchester and, where appropriate, some of the teams deliver programmes across broader geographies (in partnership with other, emerging Growth Hubs).
- 1.13 Greater Manchester was the first LEP-area to establish a Growth Hub. Cumbria and Lancashire have now developed their own Growth Hubs. Other LEPs across the country are less advanced in the planning and development of their Hubs; many are looking to adopt some of the lessons learnt from the Greater Manchester approach.
- 1.14 Building on the approach taken in Greater Manchester the Government have outlined that business support at the local level will be brought together through Growth Hubs. This is set out in their strategy "Small Business: Great Ambition". Some new funding has been announced for smaller cities to establish Hubs; at present this is not available to Greater Manchester or the other Core Cities.



2. How The Business Growth Hub Operates

- 2.1 The Greater Manchester Business Growth Hub model is outlined in the diagram below. The team run a web site and social media network that actively encourages a network of growth companies and providers of growth support to engage with each other with the aim of developing an active growth network. This engagement activity is enhanced through an events programme that focuses on highlighting growth opportunities, outlining personal growth stories and raising awareness of the tools and services that the Hub has available to support businesses through their growth journey.
- 2.2 The Hub has both a central growth team that provide face-to-face growth support/planning, together with teams that support companies with more specialist growth services e.g. Access to Finance (as outlined below). This core offer is further enhanced through both public and private growth service providers and has strong engagement with a range of providers of private and public finance.

The Greater Manchester Growth Hub Model



Engaging Clients

- 2.3 The Hub has a central client engagement team that manages the Hub’s overall strategy to raise awareness of growth opportunities and growth services through the Hub’s web, social media, print and direct communications channels. The website attracts over 5,500 visits per month and has over 4,000 registered users. The Hub’s Twitter presence continues to expand and to-date has 5,774 followers. Together with LinkedIn social media continues to be a key tool that helps to raise the awareness of the Hub and attract clients to the Hub’s services. The Manchester City Council website is the 4th highest referral source for referrals to the Hub’s website.

Registered Growth Hub Users for Greater Manchester – November 2011 to December 2013

	Cumulative Actual	Cumulative Target	Variance
Registered Growth Hub users	4,280	3,470	+810

- 2.4 Since the launch in November 2011 the Hub has had 10,000 engagements with companies via direct enquires and events (of which 2,270 are accounted for by Manchester)

Events Programme

- 2.5 The Hub runs a series of seminars, conferences, workshops and lunches across Greater Manchester with the dual aim of helping to develop an active network of growth companies and providing one-to-many support. During 2014 we are planning to run an average of 20 events and workshops per month. This includes specialist workshops such as Access to Finance, sector events, the Digital Growth programmes with the Local Authorities and the Growth Start-up programme.

Event Attendance for Greater Manchester – November 2011 to December 2013

	Cumulative Actual	Cumulative Target	Variance
Event (numbers attending)	3,767*	2,497	+1,270

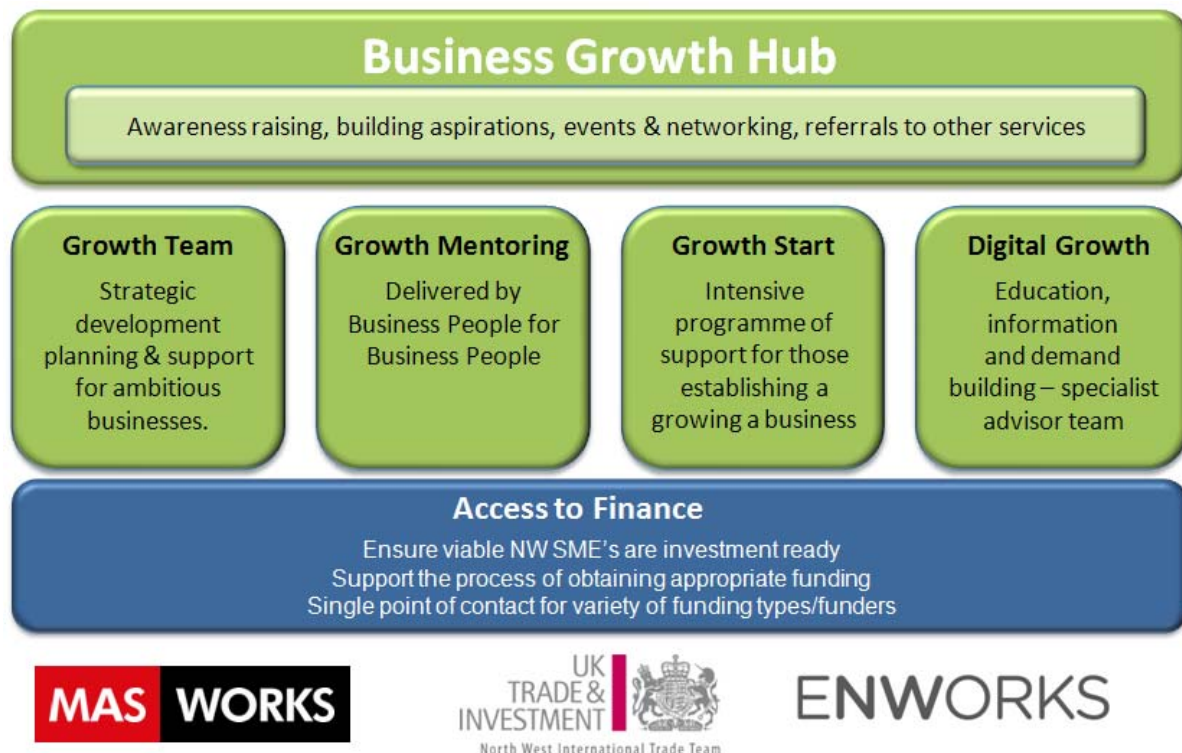
*of which 801 (21%) are accounted for by Manchester based companies

- 2.6 The main types of events that the Hub runs include:
- Major conferences focusing on key growth sectors or growth themes e.g. Manufacturing Matters and Financing Growth.
 - Monthly Growth Lunches across Greater Manchester featuring inspirational business entrepreneurs
 - Networking events, focusing on specific client groups e.g. growth starts
 - Specialist topic workshops tailored for growth clients e.g. the Digital and Creative Business Skills Programme
 - One-off events/launches such as the launch of the Technology Strategy Board's Greater Manchester Digital Launchpad.

The Core Support Offer

- 2.7 Beyond the awareness raising, networking and events programme, the Hub has a group of specialist services that provide one to one support to clients. These are outlined below.

The Business Growth Hub Offer



- *Central Growth Team:* The Hub has always offered an initial, light-touch growth assessment to clients to help them assess key areas of their business performance and identify practical solutions for both developing and implementing short, medium and long-term business growth plans. Up to the Autumn of 2013 this was a telephone-based service but this now has been enhanced through the recruitment of a team of seven Growth Managers who are able to provide face-to-face support to clients. Since September 2013 this team has undertaken growth assessments and reviews with 137 clients (of which 20% are based in Manchester).
- *Growth Startup team:* is one of the core services within the City Deal. An in-house team of five advisors provides intensive support for individuals who are seeking to establish and grow new enterprises. With a particular focus on helping growth starts with financial capability, this service provides a comprehensive, tailored package of support that continues as these new enterprises expand their operations. Since the service commenced in July 2013 178 start ups have registered on the programme (of which 40% are based in Manchester). Where relevant, clients are linked into the Start Up Now service (Start up Loans) which is also delivered by the Economic Solutions Group. Those clients who are not eligible for this Growth Start service are referred to a range of other providers including BSUS, Get Ready for Business and various HE programmes.

- *Growth Mentoring*: a second part of the City Deal agreement was the enhancement of the Business Growth Hub's mentoring programme. This proactively links pro-bono business mentors with the Hub's growth clients who are seeking support for their own professional and personal development. The Hub currently has over 130 mentors. A small team recruit and train mentors and then proactively match them to clients, and support the development of the relationship. Since the service commenced in June 2013 over 179 companies have registered with the programme (of which 16% are based in Manchester).
- *Digital Growth*: this third element of the City Deal agreement enables the Hub to deliver a service that helps companies maximise the benefits of the existing, and emerging, digital infrastructure across Greater Manchester. Working closely with each of the broadband leads in each Local Authority area this service: contributes to the overall demand stimulation programme through awareness raising activities; supports the development of a digital portal that highlights best practice; runs a series of specialist workshops; provides tailored one-to-one digital support and also enables clients to benefit from -subsidised third party specialists. This service only commenced in January 2014 and to-date there has been a very high level of interest from potential clients, with over 590 companies registering an interest (of which 58% are based in Manchester; this significant share of GM delivery is largely driven by the current Manchester and Salford connection voucher programme).

2.8 To add to the Core Business Growth Hub services, the Hub also has other local and regional programmes that are fully embedded in the Hub's offer. These include:

- *Access to Finance (A2F)*: The fourth part of the Hub's City Deal programme provides investment readiness support to clients and helps them obtain funding from a range of private and publically backed sources. This team works closely with the range of publically-backed finance options that are available across Greater Manchester. ranging from Start up loans through to the Manchester Loan Fund and the North West Fund. The A2F service operates across Greater Manchester and also covers Lancashire, together with parts of Cheshire and Cumbria. Since November 2011, when the service transferred to Economic Solutions, over 300 GM companies have been supported which has created 100 jobs and led to £10.7 million of offers to clients
- *Resource Efficiency (Enworks)*: this service launched in November 2013 and builds on the award-winning ENWORKS model that has been supporting businesses to reduce their exposure to environmental risk and increase their resource efficiency for over a decade. The project will offer intensive support to a targeted group of SMEs including on-site reviews to identify cost-saving opportunities and ongoing, hands-on

support to implement improvements. It will also offer a suite of services that are accessible to all, including Green Intelligence, a fortnightly e-bulletin with tailored content, online 'self help' resources and links to further local authority support. In addition, the project will deliver support to companies operating in, or wanting to diversity into, the low carbon and environmental goods & services (LCEGS) sector and will support the work of the GM Low Carbon Hub. To date, ENWORKS has delivered in-depth resource efficiency reviews to 326 Manchester companies, identifying annual savings potential of £11.7million and 59,000 tonnes of CO₂e; we've also supported these companies to realise annual savings of £2.3million and 9,400 tonnes of CO₂e.

- *Textiles Growth:* the Group is also co-delivering the Textiles Alliance RGF project which again forms part of the Hub's overall offer to manufacturing clients. This service has recruited a small team that commenced delivery in January 2014.

2.9 The Hub also works closely with teams within Economic Solutions that deliver nationally-funded, business support programmes:

- *Manufacturing Support:* From November 2012 the Economic Solutions Group has delivered the Manufacturing Advisory Service (MAS) across the North West of England as a sub-contractor to the West Midlands Manufacturing Consortium. This enables us to fully embed the MAS service into the Hub's holistic offer to clients within Greater Manchester. To date the service has worked with over 99 manufacturing businesses within Manchester; this has created 72 manufacturing jobs and safeguarded a further 417.
- *International Trade:* The Economic Solutions Group also delivers both the UK Trade and Investment (UKTI) international trade contract and the Enterprise Europe Network contracts across the North West of England. This enables us to fully embed these international services into the Hub's offer to clients within Greater Manchester. Since November 2011 the UKTI team have assisted 3,828 Greater Manchester companies which has created and safeguarded 5,843 jobs.

Working with Other Providers of Public Business Support

2.10 To ensure that we offer clients the best and most appropriate support, the Business Growth Hub works in close collaboration with a broad range of providers of other publically-funded support. There are estimated to be over 70 ERDF-funded programmes that the Hub has engaged with and, where relevant, referral agreements have been established. The Hub also works closely with the Growth Accelerator programme and across all our services have referred over 400 clients to the service. The Growth Accelerator programme also forms part of the Business Growth Hub ERDF project which has enabled over £1m of additional funding to be made available to enhance the service across Greater Manchester.

2.11 Business Finance Solutions (BFS) is a subsidiary of Economic Solutions Ltd and is a fully accredited provider of business loans and start up loan products, often as part of a package of advice and support developed by the Growth Hub. BFS works closely with the North West Fund, GM Maven Fund and GM Investment Fund to ensure that GM's various business finance products complement each other, avoid overlap, are clearly understood by the market and benefit from cross referrals. The business finance products delivered in GM include:

- Business loans from £3,000 to £100,000
- Business start up loans
- New Enterprise Allowance

Partner Network

2.12 The Hub has developed a network of over 130 private and public expert partners to support and grow businesses in Greater Manchester (47% of these are based in Manchester). Our partners refer businesses in need of help to us, deliver many of our events and workshops and also provide their own expert services to the Hub community.

3. Working with Local Authorities

3.1 To enhance the take up of services across each of the Districts, the Hub is working closely with business engagement teams within each Local Authority.

3.2 In Manchester the Business Growth Hub has worked closely with economic development officers on a range of areas and has undertaken regular briefing sessions with MCC staff (the latest taking place in January 2014):

- Both the Business Growth Hub and MCC jointly funded the Business Survey that took place in 2012; the findings from the survey directly fed into the design of the current portfolio of products.
- The Growth Startup team within the Hub are working closely with MCC and the Central Library on the Start Up Engines project; this includes joint events and the inclusion of the Intellectual Property Office within Central Library.
- The Hub's Digital Growth team is currently working closely with MCC staff to help promote the broadband connection voucher service. The Hub led the launch of this programme and all voucher applicants are being referred to the Digital Growth team for support.

3.3 A number of local authorities have either seconded or funded new staff within the central Business Growth Hub team:

- Oldham was the first area to formally second a member of staff into the Business Growth Hub. This provided match-funding that enabled the Hub to draw down additional ERDF to further develop the service offer. This has enabled the wider Hub teams to work more closely with Oldham staff and has ensured that the new funding available through the Oldham Enterprise Trust is fully leveraged with funding available at the Greater Manchester level.
 - Rochdale and Bolton have both provided 50% funding to support a dedicated member of staff within the central Growth Team. These co-branded roles have led to a very close working relationship between the Hub and the local teams and an uplift of engagement with both Rochdale and Bolton businesses.
 - Wigan has, in-principle, agreed to second three new members of staff to the Business Growth Hub. This will further support the development of the “Team Wigan” approach where specialist Hub staff regularly meet with Wigan staff. It will also enable the Hub to draw down ERDF to support core functions.
 - Other districts including Bury, Salford and Tameside are also reviewing options to develop similar arrangements with the Hub.
- 3.4 Beyond each of these arrangements the Hub continues to roll out a series of events in partnership with Local Authorities and other local partners across each of the districts.
- 4. Key Performance Indicators (KPIs)**
- 4.1 The table below summarises the KPIs for the main business support programmes together with contract targets.

Business Growth Deliverables: Greater Manchester

Deliverable	Cumulative Actual to December 2013	Cumulative Target to December 2013*	Variance	Target to end of contract (GM unless otherwise stated)
Business Growth Hub (<i>commenced between June 13 & Feb 14</i>)				
Individuals assisted to start a business	39	39	-	306
Businesses assisted to improve performance	84	92	-8	1,263
Number of jobs created	0	0	-	454
Number of jobs safeguarded	0	0	-	1,242
Gross GVA (£m)	0	0	-	33.09
Access to finance (<i>delivery figures from Nov 11</i>)				
Businesses Supported	310	391	-21%	661
Businesses assisted to improve performance	242	212	+14%	509
Jobs Created**	101	17	+594%	103
Jobs Safeguarded**	99	68	+145%	406
Client Funding Offers	£10.7	£9.1m	+118%	£16 million
Enworks (<i>commenced Dec 13</i>)				
Businesses assisted to improve performance	12	15	-3	253
Jobs Created	5	0	+4	45
Jobs Safeguarded	3	0	+3	115
Cost savings Identified - £	£500k	0	+£500k	£17,000,000
CO2e savings - tonnes	50t	0	+50t	50,000
Manufacturing Advisory Service (<i>delivery figures from Jan 12</i>)				
Businesses Assisted via an on-site manufacturing assessment	883	No GM targets	-	3,649 (North West)
Jobs Created	880	No GM targets	-	2,944 (North West)
Jobs Safeguarded	2,615	No GM targets	-	7,667 (North West)
UK Trade and Investment (<i>delivery figures from Nov 11</i>)				

Businesses Assisted	3,828	2,100	+1,728	4,975 (North West)
Jobs Created & safeguarded	5,843	5,785	+58	1,222 (North West)
Number of new companies exporting and/or trading in new markets	596	584	+12	1,000 (North West)
Business Finance Solutions (<i>delivery figures from Nov 11</i>)				GM (Non contractual)
Applications (number)	1241	884	+140%	1044
Jobs created/protected	1334	1016	+131%	1181
Number Loans	1006	671	+149%	799
Loans Value	£5.5m	£2.9m	+189%	+£4.6m
Business Starts	961	654	+147%	742

* based on re-profiled targets that need to be agreed by CLG and GMIF following the 18 month funding delay

**data collection currently in process

5. Local Authority Reporting

- 5.1 Over the last six months, work has been undertaken to rationalise and harmonise the KPIs used to measure and account for the performance of individual business support services provided by Economic Solutions and MIDAS. This work has resulted in a refined suite of indicators which meet the following requirements:
- Enable consolidation of KPIs through consistent structure, terminology, definitions and measurement in order that the collective impact of business support activity can be assessed.
 - Follow a consistent logic-chain of activity, outputs and outcomes with the latter aligned to required GM impacts as expressed through Greater Manchester Strategy targets.
 - Are able to be disaggregated to local authority level.
- 5.2 From 2014/15 onwards, GM's ten Local Authorities will be provided with a quarterly report which will show performance to date against the new suite of business support KPIs in each of the ten districts, with total GM performance compared against the annual targets set for GM through the Growth Company Group Business Plan. (The report will also contain district level data on the employment and skills KPIs used to measure Economic Solutions' performance in these service areas.)
- 5.3 The first quarterly report to Local Authorities will be available in September 2014. In the interim, a report will also be made available to Local Authorities in June 2014 showing actual performance for 2013/14 against the set of KPIs used to date.
- 5.4 The new suite of business support KPIs that will be reported at the district level are attached at Appendix 1.

6. Evaluation

- 6.1 The outcomes reported through our KPIs measure gross achievements. Whilst gross outcomes accurately measure the performance of our services, evaluation is required to assess the net additional impact of this activity. Evaluation takes account of improvements that would have occurred anyway without intervention (deadweight), displacement of existing activity and benefits which have leaked outside the GM economy. Conversely, evaluation also captures multiplier benefits.
- 6.2 An evaluation of business support impacts has recently been piloted in order to test the best methods of gathering data to allow net additional impact, directly attributable to our interventions, to be calculated. The findings of the pilot are currently being reviewed and will be used to finalise an annual evaluation process which will start in the first quarter of 2014/15. This will enable a more accurate assessment of the direct contribution made by our

business support services to GMS priorities. It will also provide valuable intelligence on where service design should be reviewed to minimise lost benefits and maximise multiplier benefits.

- 6.3 Initially, it is proposed to focus evaluation on our own activities. In the longer term, evaluation activity should be expanded to cover the impact of other publicly funded programmes and activities in GM.

7 Future Developments

- 7.1 The main areas of future development for the Business Growth Hub include:

- Continuing to raise awareness of existing services through closer working with local partners.
- Introducing new programmes such as the Textiles Alliance Project and the new co-investment support.
- Reviewing the gaps in provision and working with Greater Manchester partners to develop services to meet demand. For example, the Hub's mechanisms to encourage and support companies with their innovation plans need further investment. The Economic Solutions Group is reviewing options that will enable the Hub to introduce a dedicated innovation service that builds on the work of existing services.
- Undertaking a new business survey to continue to enhance our understanding of the needs of companies across Greater Manchester; this will be available in March 2014.
- Rolling out the evaluation framework to better understand the impacts of our activities.
- Ensuring that future funding for the core services are secured through the Growth and Reform process.

APPENDIX 1

Business Support KPIs to be Presented at District Level and Reported to Local Authorities from 2014/15

Activities

- Event attendance
- Businesses engaged

Outputs

- Business assisted (standard measure – less than 2 days of assistance)
- Business assisted to improve their performance (2 days or more)
- Businesses assisted with digital technologies
- Mentoring relationships
- New businesses exporting or existing exporters trading in new markets
- Clients advised on starting a business

Outcomes

- Jobs created (with those which are apprenticeships separately identified)
- Jobs safeguarded
- Inward investment projects secured (with FDI and UK separately identified)
- New jobs associated with secured inward investments (FDI and UK)
- Safeguarded jobs associated with secured inward investments (FDI and UK)
- Businesses offered funding
- Total value of funding offered to businesses
- Innovation active businesses
- Businesses with improved performance (as measured by their growth in GVA)
- Value of increased export sales
- Business start ups
- Value of resource efficiency savings made by businesses
- Tonnes of CO2e savings made by businesses
- Value of additional GVA generated by business support activity

Note: Some activities and outputs are generic and can not be disaggregated to district level and so are not listed above. All outcomes can be disaggregated and are included above.