

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 11 February 2015
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 the last update in March 2014

Recommendations:

That the report be noted

Wards affected: All

Contact officers: Mark Hughes, Chief Executive,
Manchester Growth Company

BUSINESS GROWTH HUB UPDATE

1. BACKGROUND

- 1.1 This paper provides an update on the development and the delivery of the Business Growth Hub (the Hub) in Greater Manchester (GM) over the last year, with specific reference to delivery across Manchester.
- 1.2 The paper 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.

Fitting into the wider business support landscape

- 1.3 The Hub became fully funded and largely operational in late 2013, with some services beginning in early 2014. The Hub forms part of a wider landscape of publicly-funded business support delivered by Manchester Growth Company across Greater Manchester, including the national Business Growth Service (incorporating Manufacturing Advisory Service), the UKTI International Trade service and the Enterprise Europe Network service. The North West regional delivery of these three national programmes is aligned to the Hub's core offer in Greater Manchester.
- 1.4 There is a wide range of other publicly-backed business support that is available to companies across GM, and to ensure that clients are offered the best, and most appropriate, support the Hub works with over 168 partner organisations. These include the deliverers of the BIS-funded national Business Growth Service (incorporating Growth Accelerator) and local programmes such as the Greater Manchester Business Start Up Support programme.

The target market

- 1.5 The Hub was established to focus its support on growth companies and to target resources where they have the biggest impact. At the time the Hub was developed the Government was focusing its resources on the development of the Growth Accelerator programme - now part of the national Business Growth Service. 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 the potential to achieve turnover of £0.25m within three years of starting trading, or to have at least 5 employees within three years.

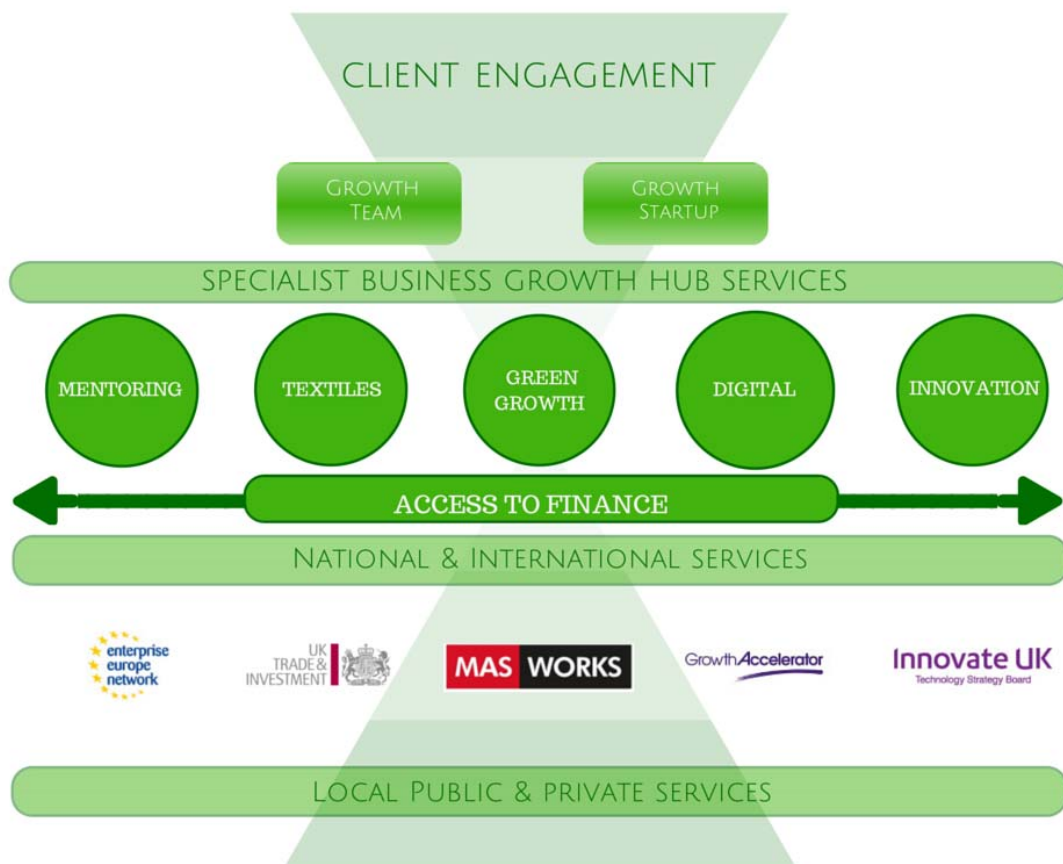
1.6 The Hub also aims to support SMEs who are not captured in the above groups but who have a longer term ambition to grow. However, the level of support that the Hub offers any one client is driven by their potential for growth.

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 website and social media network that actively encourages a network of growth companies and providers of growth support to engage with each other. 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 provides face-to-face growth support/planning and teams that support companies with more specialist growth services, such as 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 10,000 visits per month and has some 7,000 registered users. The Hub's Twitter presence continues to expand and to date has over 9,200 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 second highest referral source for referrals to the Hub's website.
- 2.4 Since its launch in November 2011 the Hub has had 14,885 business engagements with companies via direct enquires and events. 2,882 of these have been from Manchester companies.

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 2015 we are planning to run an average of 15 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. Almost 7,000 delegates from GM organisations have attended an event. 1,175 (17%) of these are Manchester-based.

2.6 The main types of events that the Hub runs include:

- Major conferences focusing on key growth sectors or growth themes e.g. Get Digital which took place at Central Library – Manchester (200 attendees throughout the day) and Venturefest at the Bridgewater Hall, Manchester (400 attendees throughout the day)
- Monthly Growth Lunches across Greater Manchester featuring inspirational business entrepreneurs; over the past year these have been held at a number of Manchester locations including UHY Hacker Young's offices, The Northern in Didsbury, Manchester Science Partnerships and NatWest's offices in Manchester.
- Networking events, focusing on specific client groups e.g. growth starts
- Specialist topic workshops tailored for growth clients e.g. investment readiness workshops and practice pitching sessions
- One-off events/launches such as the Co-Investment Launch which took place at MOSI, Manchester.

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.

- *Central Growth Team*: a team of Growth Managers providing face-to-face support to help clients assess key areas of their business performance and identify practical solutions for both developing and implementing short, medium and long-term business growth plans. Since September 2013 this team has worked with 554 companies, of which 17% (92) are from Manchester.
- *Growth Start Up*: 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 and tailored package of support that continues as the new business expands. Since the service commenced in July 2013 746 start-ups have registered on the programme, of which 33% (247) are from Manchester. Where relevant, clients are supported to access Start Up Loans, which are also managed across the North West by Manchester Growth Company. Those clients who are not eligible for this Growth Start service are

referred to a range of other providers, including Blue Orchid 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 with their own professional and personal development. The Hub currently has over 200 mentors. A small team recruit and train mentors, match them to clients, and support the development of the relationship. Since the service commenced in June 2013 335 companies have registered with the programme, of which 21% (70) are based in Manchester.
- *Digital Growth*: this service 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 raises awareness of the benefits of using superfast broadband and digital technologies; has developed a digital portal that highlights best practice and houses online training resources to help companies get and trade online; runs a series of specialist workshops; provides tailored one-to-one digital support; and also enables clients to benefit from subsidised third party specialist advice or consultancy. Over the last year this team has attracted additional government funding to support women to take full advantage of superfast broadband, and to help more companies trade online. This activity has been aligned with UKTI's E-Export service to enable GM companies to trade online with both UK and international customers. This service began in January 2014, and to date 61 companies have been assisted with Digital support, accessing £111,000 of co-investment funding. 13 of these were Manchester companies.
- *Access to Finance (A2F)*: This service provides investment-readiness support to clients and helps them obtain funding from a range of private and publically-backed sources, including Start Up Loans, the Manchester Loan Fund and the North West Fund. The A2F service operates across Greater Manchester and also covers Lancashire and parts of Cheshire. Since November 2011, when the service transferred from Business Link North West to the Manchester Growth Company, 404 GM companies have been assisted - leading to the creation of 68 jobs, the safeguarding of a further 165, and £18.2 million of business finance being offered to local businesses (Manchester accounted for 112 of these businesses, 41 jobs created, 31 jobs safeguarded and £4.5m of funding offers).
- *Green Growth*: this service 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 offers 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, and 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. The project also supports companies operating in, or wanting to diversify into, the low carbon and environmental goods & services (LCEGS) sector, and supports the work of the GM Low Carbon Hub. To date ENWORKS has delivered in-depth resource efficiency reviews to 332 Manchester companies, supporting them to identifying an annual savings potential of £11.4million and 60,000 tonnes of CO₂e, and them to realise annual savings of £2.5million and 10,500 tonnes of CO₂e.

- *Textiles Growth*: the Group manages the £12.8m *Alliance Textiles RGF* project, and the grants form part of the Hub's overall offer to manufacturing businesses. To-date 2 Manchester businesses have been funded leading to the creation/safeguarded of 36 jobs. There are a further 4 Manchester companies with applications in progress. A further bid of £19.5m has been submitted under the RGF6 bidding round, to extend the project into 2017.
- *Innovation Growth*: The Innovation Growth service provides practical advice and hands-on support to help businesses overcome barriers to the development and exploitation of new or existing ideas - whether they are innovative products, processes, services, or business models. The team has a wealth of innovation experience and works closely with a network of partners, including the Universities, funders and legal and professional organisations, to support businesses to access expert or specialist knowledge, funding and resources.
- *Manufacturing Support*: The Manchester Growth Company has delivered the Manufacturing Advisory Service (MAS) across the North West of England as a sub-contractor to the West Midlands Manufacturing Consortium since late 2012. This enables us to fully embed the MAS service into the Hub's holistic offer to clients within Greater Manchester, and shape the service to best support the delivery of GM's Manufacturing Strategy and Action Plan. To date the service has worked with over 124 manufacturing businesses within Manchester; this has created or safeguarded 616 manufacturing jobs. From the 1st April MAS will form part of the new national Business Growth Service.

2.8 The Hub also works closely with other teams within the Manchester Growth Company that deliver locally or nationally-funded business support programmes:

- *International Trade*: Manchester Growth Company 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 companies supported by the Hub to access trade and export support. Since November 2011 the UKTI team have

assisted 4,963 Greater Manchester companies which has created or safeguarded 10,137 jobs.

- *MIDAS*: The Hub forms part of a wider suite of services available to inward investors, and close alignment enables the Hub to alert local SMEs to the supply chain opportunities arising from new investment.

Working with partners

- 2.9 To ensure that we offer clients the best and most appropriate support the Business Growth Hub works with a broad range of partners, particularly other providers of publically-funded support. This includes referring 590 businesses to the Growth Accelerator programme, soon to be part of the national Business Growth Service, and partnering with it in our current Hub ERDF project - which has enabled over £800,000 of additional funding to be drawn down to enhance the service across GM.
- 2.10 We are in the process of developing closer working relationships and referral protocols with Avanta, who have just secured the DWP's New Enterprise Allowance contract to support unemployed residents start their own business. Allied with the referral protocols already in place with Blue Orchid, we can ensure that anyone looking to start a business in Manchester and the City Region can be directed to the most appropriate advice and support.
- 2.11 Business Finance Solutions (BFS) is a subsidiary of Manchester Growth Company and is a fully accredited provider of business loans and start up loan products. 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. Business finance products available include:
- Start Up Loans (£500-£2,500)
 - Business Loans for Greater Manchester and Cheshire (£3,000 - £100,000)
 - Business Loans for the wider North West (25,000 - £50,000)
 - Advice on availability of Loan and Equity products (£100,000 - £2,000,000)
- 2.12 The Hub has developed a network of over 168 private and public expert partners to support and grow businesses in Greater Manchester. 46% (77) 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.

Working with GM Local Authorities

- 2.13 To enhance the take up of services across each of the Districts, the Hub is working closely with each Local Authority's business engagement team.

- 2.14 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:
- Both the Business Growth Hub and MCC jointly funded the Business Survey that took place in 2014; the findings from the survey directly fed into the design of the current portfolio of products.
 - The Growth Start Up team within the Hub are working closely with MCC and 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 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. They also deliver drop in sessions at the Business and IP Centre in Central Library every Thursday.
- 2.15 Six local authorities have either seconded or funded new staff within the central Business Growth Hub team, and others are reviewing options to develop similar arrangements. This has
- enabled additional ERDF to be drawn down to further develop the service offer
 - enabled GM and local authority business support funding to become better aligned / levered
 - increased take up rates and performance amongst local businesses in those areas.
- 2.16 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.

3. DEVOLUTION

- 3.1 In November 2014 the following was agreed with central government with regard to the devolution of business support programmes:

“Current business support arrangements make it difficult to join up national, local, public and private business support services - meaning that businesses struggle to access the right support at the right time to help them grow and innovate. This devolution agreement will give Greater Manchester responsibility for business support budgets across GM, including the Growth Accelerator, Manufacturing Advice Service and UKTI Export Advice providing a fully integrated service.”

We are working closely with BIS on the implementation of this agreement, which may well be through a two-stage process as BIS have existing contracts in place for the national service until March 2017.

4. GOVERNANCE, PERFORMANCE MANAGEMENT AND EVALUATION

- 4.1 The Hub and other Manchester Growth Company business support services are overseen by the Business Support and Business Finance (BSBF) Advisory Board. The Advisory Board is accountable to the Combined Authority, Local Enterprise Partnership and MGC Group Board both for reviewing and directing GM's strategy for business support and business finance and for overseeing the Group's business support and business finance services.
- 4.2 The Advisory Board is Co-Chaired by the Combined Authority's lead for business support (Mayor Ian Stewart) and GM's private sector lead for business growth and finance (Michael Oglesby), and advises on:
- the strategic plan and financial plan required to deliver the Greater Manchester Strategy
 - revenue strategy to support growth in commercial delivery
 - development of relationships with commissioning and delivery bodies at a local and national level
 - policy issues and programme design.

Evaluation

- 4.3 Manchester Growth Company has committed to the independent evaluation of its services to assess their impact on the economy, their contribution to GMS objectives, and their effectiveness from a customer perspective, in order to inform service reviews and improvement. Following a pilot exercise in 2014, an approach to the evaluation of business support, finance and investment services has been adopted - with evaluations of individual services being undertaken on a rolling programme basis.
- 4.4 Evaluations of the Access to Finance service and Business Loans is nearing completion. An interim evaluation of the Business Growth Hub has just started, and an evaluation of inward investment will start in February 2015. Evaluations of other business support programmes will be commissioned during 2015. The devolution of national business support programmes to GM will allow those programmes to be included in this evaluation process.

Key Performance Indicators (KPIs)

- 4.5 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 Manchester Growth Company 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.

4.6 From 2014/15 onwards, GM's Local Authorities have been provided with a quarterly report which shows 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 Manchester Growth Company Group Business Plan. The report also contains district level data on the employment and skills KPIs used to measure Manchester Growth Company's performance in these service areas.

4.7 The new suite of business support KPIs is set out in Appendix 1 and will be made available to the Scrutiny Committee members.

5 FUTURE DEVELOPMENTS

5.1 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.
- Working with BIS and their providers to implement the devolution settlement
- Reviewing the gaps in provision and working with Greater Manchester partners to develop services to meet demand. This includes analysing the results of the GM Business Survey to identify key issues or barriers faced by GM businesses, designing new services, and applying for UK and EU funding where required to better meet client need or respond to growth opportunities. In this vein we have submitted two RGF6 proposals, to extend the Textiles Growth programme and to enhance the national International Trade support and finance offer, and are exploring a number of Transnational funding opportunities in relation to innovation, the low carbon agenda and business finance
- Ensuring that future funding for the core services are secured. As part of this we:
 - have bid to retain our UKTI International Trade contract. Should we be successful we will deliver the service through to at least 2019

- have begun to engage with potential partners and develop service ideas in preparation for bidding to retain our existing ERDF contracts. A central part of this work is engaging with the ten local authorities in order to ensure that our projects are designed with, and supported by, our key stakeholders
- have sought City Deal replacement funding from BIS. The Growth Hub was granted £625,000 in under Growth Deal 1 (the successor to City Deal) for 2015/16. We are continuing to engage with BIS with regard to additional investment and / or the provision of other sources of funding that could be used as match for the new ERDF programme
- have begun to identify other potential local and national sources of match funding.

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 cannot be disaggregated to district level so are not listed above. All outcomes that can be disaggregated are included above.