REGENERIS

Review of the Sheffield City Region Growth Hub

A Report by Regeneris Consulting

30 July 2018

Sheffield City Region

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1. Purpose of this Report

1.1 Regeneris Consulting was commissioned in January 2018 by the Sheffield City Region (SCR) to provide a review of the City Region's Growth Hub (GH). The specific aims of the review are summarised in Table 1.1 below.

Table 1.1 Objectives of the Review of the Sheffield City Region GH

- Ascertain if the current operational GH has met its aims and objectives, considering the outputs and outcomes to date of both core and spoke operations.
- Reconsider the GH aims in light of the new SCR Inclusive Industrial Strategy (IIS), national policy direction and emerging central government priorities, proposing any revisions.
- Explore methods for greater segmentation of the SCR business customer base in order to better-identify those with growth potential against IIS priorities.
- Assess gaps in/duplication of service provision within the GH portfolio against regional priorities, review the efficacy of current provision and propose future service development methodology.
- Identify innovative options to prioritise the allocation of scarce financial resource, considering a variety of business support intervention types.
- Review the current level of partners' support and engagement, suggesting methods of improving their involvement.
- Examine the governance of the service to improve transparency and enhance public and private sector partners' engagement.
- Consider if the current operational model reflects the most appropriate, cost-effective method of delivering the GH service, or if there are alternate delivery models to better achieve the LEP's current objectives.
- Suggest KPIs which allow for both quantitative and qualitative measurement of progress against BEIS requirements and SCR priorities, enabling benchmarking against other regions and alternate providers.

Source: Sheffield City Region (2017) Request for Quote: Provision of GH Review

1.2 The review has been undertaken in two phases. The first looked back at the development of the GH and its first two years of operation. It sought to identify the how the GH is currently performing and the factors which explain this performance. This phase of the work was informed by:

- **Desk based analysis:** analysis of documents and datasets relating to the GH's design, development and operation. These include strategic economic development documents, the GH business case and funding agreements, monitoring data and client surveys.
- **Consultation:** one to one consultation with internal and external stakeholders including members of the GH delivery and management team, representatives of local authorities and other providers of business support services in the City Region. A full list of consultees is provided in Appendix F.

- **Business Interviews:** survey research with GH clients has been supplemented with a small number of interviews with businesses that have not engaged with the GH.

1.2 The findings from these research strands were used to identify the important lessons emerging from the GH's early years and to identify considerations which should be taken forward to the next phase of the GH's development. The second phase of the review built upon this backwards-looking analysis to explore and seek to build consensus around how the GH should develop. This phase of the work was informed by:

- **Strategy and policy review:** a review of national business support and GH policy to identify considerations for the development of the SCR GH.
- **Review of other GHs:** the review draws upon Regeneris existing knowledge and understanding of the various GH models and approaches, the challenges they have faced, and the approaches taken to addressing them.
- **Stakeholder Workshop:** a workshop with stakeholders was held to discuss and explore findings from the backwards looking element of the review and consider the implications for the future of the GH. The workshop sought to develop consensus around the aims and objectives and operational model for the GH.

1.3 The findings from both phases of research and analysis have been used to inform recommendations for the next phase of the GH's development and operation.

Structure of this Report

1.3 This report provides an overview of the review's findings and recommendations. The main body of the report summarises the most important messages and the more detailed evidence base is provided in the appendices. The main report is structured as follows:

- Section 2: provides an overview of the evolution and performance of the GH to date and identifies the important lessons which have emerged in the GH's early years.
- Section 3: identifies the considerations for the future of the SCR GH, focusing on the current policy requirements and challenges faced by the GH.
- Section 4: sets out the considerations for the refreshed GH model, bearing in mind the lessons from the review, current and future challenges faced by the GH and emerging consensus amongst the stakeholder group.
- Section 5: summarises the conclusions and recommendations from the review.

2. Evolution and Performance to Date

2.1 This section summarises the main findings of the backwards-looking strand of the review and identifies the important points about how the Growth Hub (GH) has developed and operated in its first two years, the factors which explain this performance and the lessons which should be reflected in the GH's future development.

2.2 This section draws on consultation evidence and as such reflects individual's perceptions as well as objective evidence. In instances where stakeholders' views are divergent or where consensus does not exist, the review has not sought to draw conclusions about the validity of the various perceptions offered. Instead, it focuses on the factors leading to the creation of these perceptions and their implications for the GH's operation and performance.

The Sheffield City Region GH Model

2.3 The current GH model has emerged through a process of gradual evolution and development. This process of development and delivery has involved a range of individuals and organisations, including:

- **The SCR Commissioning Directorate:** The Commissioning Directorate oversees development and implementation of activities across the SCR's areas of strategic focus. The GH provides an important delivery vehicle for some activities within the Business Support and Investment Theme.
- **The Core GH Team:** The GH team at SCR have lead responsibility for the development and operation of the GH. This includes the management and delivery of the GH's contractual obligations (eg ERDF project delivery) as well as wider strategic activity and partnership development work.
- **Business Growth and Access to Finance Specialists:** the GH funds a flexible resource of self-employed Business Growth and Access to Finance Specialists. Most of the specialists are on call-off contracts so can be used flexibly to fulfil specific business support needs as they arise. This team is managed by the Core GH team.
- **Local Authority Teams:** Each of the City Region's nine local authorities has its own business support provision, although the nature and configuration of this capacity differs between local authorities. The GH was always expected to work in partnership with local authorities and that each would seek to add value to others' activities.

- **Wider Stakeholders:** alongside the activities which are delivered directly by the GH team and local authority partners, there are a range of wider actors within the city region's business support system. These include HEIs, local Chambers of Commerce, business sector organisations and cluster groups and, of course, commercial providers of business support services.

2.4 The GH was designed to be a 'hub and spoke' model in which the GH team undertake a range of activities centrally (the Hub) with these central activities being largely focused on coordination, demand stimulation and access to support. The Hub works closely with the spokes, which have a more service delivery / thematic focus and rely more heavily on inputs from partners (including the local authorities as well as wider stakeholders).

The Hub

2.5 Core (or Hub) activities are funded by a combination of LGF and BEIS funds. The Core budget for the GH has increased each year since 2016/17, starting at £640k in 2016/17, increasing to £700k in 2017/18 and currently at £740k for the current financial year. This core funding covers:

- **The Advisor Pool**: work of the Business Growth Specialists (BGS), excluding that funded through the enhancement project, accounts for around half (49%) of the GH's core budget for the current financial year. This has risen in absolute terms and as a proportion of core GH costs each year, reflecting an increase in the amount of delivery activity taking place with this group. The increase in advisor pool costs accounts for most of the increase in overall core GH annual costs.
- **The Core Team**: 39% of core costs for 2018/19 are allocated to the core team posts. The key roles within the Core SCR GH team are the Head of GH, Operations Manager and the Senior Gateway Officer. The team also includes three gateway and marketing posts, an admin support post and one employed business advisor.
- **Marketing Costs:** 7% of core costs for the current financial year have been allocated to marketing activity. This proportion has decreased slightly each year since the GH started to deliver, reflecting the tendency for marketing spend to be front-loaded.
- **Other overheads:** various other overheads including the GH CRM platform, operating expenses, travel etc are also covered by the core GH budget.

2.6 The central resource is used to deliver the following functions:

1: Client Engagement and Marketing

2.7 Client engagement and marketing is a shared responsibility across the GH partnership. That is, all organisations with a delivery role undertake activities to engage with and understand the needs of clients. The GH team provide a range of marketing functions seeking to add value to this and drive enquiries to the gateway. The GH team developed the GH brand and work with sub-contracted specialists to market the GH as a major source of business advice and guidance in the city region. Activities include development and maintenance of the GH website, design and production of marketing collateral, attendance at events to raise the profile of the GH and PR and sponsorship activities.

2: The Gateway

2.8 The Gateway is delivered in-house by members of the core GH team. It provides a light-touch triage function in order to make well-qualified referrals to an appropriate support provider. The key elements of the approach are:

- **Balance between structure and process:** the gateway approach is underpinned by a clear set of processes to guide contact with the client, assessment of needs and the referral process. While there are clearly robust processes underpinning the approach, the needs assessment itself is not carried out in a mechanistic way. The team do not, for example, use a structured assessment tool (although there are core principles / thematic areas which underpin the initial assessment). Gateway advisors take an inquisitive approach, explore business needs qualitatively and use their judgement to identify appropriate next steps.
- **Experienced staff:** the judgement-based approach is enabled by the conscious decision to recruit staff with the skills and competencies to exercise judgement in initial discussions with businesses.
- **Range of referral destinations:** the GH team report that they refer to some 53 destinations including a range of public and private sector support providers.

3: Strategic and Coordination Activities

2.9 Alongside the directly client-facing functions delivered through client engagement and gateway activity, the core GH team also undertake a range of wider tasks which are focused on the positioning and development of the GH. These tasks include:

- **Strategic Engagement:** activities to engage with providers of business support and develop referral networks. Activities here include work to engage with intermediaries to raise awareness of the GH's offer and create an efficient referral route / marketing channel. The GH team also report that they engage with business networks and appear at events where feasible to market the GH directly to businesses.
- **Sharing Information and Intelligence:** information on client needs and activities with different clients. Partners report that the GH can do more here and that the dashboard-style information currently shared focuses too much on outputs and satisfaction, rather than outcomes, impacts and intelligence sharing.
- **Stakeholder Management:** developing and maintaining the partnership which underpins the delivery of the GH. This can be time consuming given the range of partners and stakeholders.

Delivery Spokes

2.10 The delivery spokes supplement the Hub's activities to enable and promote access to business support services. Delivery activity is configured around six thematic spokes (summarised in the table below) and the GH's role here is to:

- help to promote and enable access to these services, largely through central marketing and referrals from the gateway; and
- allocate some of the GH's LGF funding to services where evidence of gaps in provision exists.

2.11 The GH team report that their ability to build the spokes through funding services / activities has been hampered somewhat as the majority of LGF allocated to the GH was already committed to particular projects when the team came into post. This has presented a challenge for the GH team who have found it difficult to influence delivery activity without funds to invest.

2.12 The GH has allocated funding to five strands of delivery activity as outlined in the table below although it only has a direct delivery role for two of these projects. By far the most substantial allocation is to the Access to Finance Centre of Expertise (AFCoE), which has received in the region of £1m since 2015/16. The AFCoE advisors are funded and managed directly by the GH team.

Table 2.1 Summary of GH Spokes

	Key Activities
Growth Support	**Main service: GH Enhancement Project** • ERDF funded project delivered in partnership with SY local authorities • Provides masterclasses, advice services and for some clients a contribution towards the cost of one to one consultancy support. The GH provides £328k match funding into the programme and the GH's BGSs play a central role in delivering project outputs.
Start-up	**Main service: Launchpad (some match funding provided by GH)** • ERDF funded project focused on pre-start businesses. This is being delivered across the city region and led by Enterprising Barnsley/Barnsley MBC. • Provides access to free workshops and events, and one to one advice and mentoring support services for people wishing to start a business. • The GH provides a modest amount of match funding for the ERDF contract (£350k between 2016/17 and 2018/19) and facilitates delivery through referral. **Supplementary service: Y Accelerator (financial contribution from GH)** • Intensive 3-month programme focused on selected young businesses in the City Region. • Support is configured around business modelling techniques and provides access to expert advice, mentors, specialist workshops, market research and tailored one to one support. Also provides an opportunity for an investor pitch. • Currently closed to applications. The GH provided a small contribution to the Y Accelerator (£35k) in 2016/17 and a further £60k annually in 2017/18 and 2018/19. Role in delivery was facilitation through referrals and promotion rather than direct delivery activity.
Innovation	**RISE:** • Run by Sheffield Hallam University and the University of Sheffield. • Provides recruitment support to help encourage and enable SMEs access graduate employees. • The GH has provided £50k annually since 2016/17 to fund the extension of this programme. No direct delivery involvement. • **Sheffield Innovation Programme:** • A joint initiative between the University of Sheffield and Sheffield Hallam University Provides bespoke research and innovation-based consultancy, workshops and events. Smaller volume project with a niche offer to businesses with particular product / process innovation focused needs.
Export	**Main service: Exporting for Growth:** • National programme delivered by DIT in the Sheffield City Region. • Provides grant support which can be used by companies wanting to develop their international business or start to trade internationally. No additional funding provided by GH to boost activity locally. GH facilitates delivery via referral.
Skills	**Main service: Skills Bank**: ESF funded programme providing a skills helpline for businesses, access to skills brokers and skills assessment tool and funding to part fund the cost of skills development activity.
A2F	**Main service: Access to Finance Centre of Expertise:** • Availability of support from experienced access to finance advisors who support SMEs to identify and secure appropriate finance from a range of private and public sector backed sources Activity is directly funded via the GH's non-core budget. Overall, has received £1.1m via the GH. AFCoE advisors managed by GH team.

2.13 The Enhancement Project is the only other project for which the GH team has a substantial delivery responsibility. Although the GH's financial contribution is quite modest, the BGSs play a central role in delivering the programme's contractual outputs. In addition to

facilitating the delivery of key outputs through the gateway's referral and brokerage activity, the GH team (specifically the BGSs) have direct responsibility to deliver against the project's *enterprises receiving grants* target.

Development of the Growth Hub

2.14 Much of the work to develop the original design and operational model for the SCR GH took place in 2014. At this time, the GH concept was a relatively new one and Central Government was not particularly prescriptive about GH delivery models and approaches. This gave partners in SCR flexibility to design a GH to suit local needs and priorities.

2.15 The original GH concept as set out in the SCR Strategic Economic Plan (2014) was an ambitious one in which GH activities would be aligned around the development of 'growth deals' with high priority and high potential businesses. These deals would see the public sector providing multi-agency, bespoke support packages to selected companies to facilitate their growth in the City Region. This element of the GH did not come to fruition and the overall model has developed considerably since the SEP was published.

2.16 Although internal and external stakeholders broadly agree that the GH has developed through a process of gradual evolution, there is little consensus about how and why the GH has come to its current position and the factors which have shaped its development.

2.17 Interestingly, stakeholders frequently highlight the process by which the GH has developed amongst the factors which have influenced the GH's current operation and performance. There are four important themes here:

1: Lack of Consensus on Original Objectives

2.18 Although it is not uncommon for differences of opinion to emerge in setting up GH structures, there does seem to have been some fundamental splits of opinion amongst stakeholders which were left unresolved in the original design phase. Some consultees report that this lack of consensus was exacerbated by wider sensitivities between partners and led to some difficult and strained relationships even at the outset of the project. Many consultees describe the early discussions as 'difficult' and there is a strong consensus that the lack of universal buy-in has influenced the operation and development of the GH.

2: Raised (and Possibly Unrealistic) Expectations

2.19 The SEP set out a very ambitious plan for the GH. The intention to develop bespoke growth deals with high priority businesses was an unusual feature of the model. Although the selective growth deal element of the GH proved to be undeliverable, this original positioning of the GH seems to have shaped stakeholders' expectations about what the GH would offer and how it would operate. For example, stakeholders report that they expected:

- the GH to be selective about its clients and focus on highest impact potential clients
- the overall approach to be about facilitation rather than direct delivery.

2.20 It is also apparent that some organisations had formed expectations about their delivery roles and responsibilities before the detail of the GH's operating model had been worked up or the GH delivery team appointed.

2.21 This created a very challenging environment for the GH delivery team to work within. On the one hand, many elements of the GH model were only loosely defined when the GH team were appointed. But at the same time, specific expectations about delivery roles and activities had been created (and in some instances funding allocated) before the feasibility and desirability of these aspects of the GH model had been fully tested.

2.22 As the GH team worked through the practicalities of delivering and funding the GH, it proved difficult to deliver against the full range of expectations across the partnership. This has naturally led to disappointment for some partners and contributed to a challenging partnership environment.

3: Strategic Engagement and Governance

2.23 Stakeholder engagement in the original development of the GH concept and model appears to have been broad. There is however a perception amongst many stakeholders that continuity was lost between developing the vision and setting up the GH. Few stakeholders feel that they were fully informed of, or consulted upon, changes to the GH model and there is a perception amongst some consultees that engagement was not maintained as the GH developed. This seems to have contributed to:

- a lack of understanding of why the GH has moved away from the mission it originally agreed among SCR partners
- a sense of loss of ownership and influence over the GH
- a perception that the GH has been done to rather than with LAs.

2.24 Although this perception is quite prevalent amongst stakeholders, it appears inconsistent with the governance structures which surround the GH. The Business Growth Executive Board (BGEB) oversees the development and operation of the GH and includes representation from all City Region Authorities. No concerns have been raised about the effectiveness of this board's operation or composition in general, but some stakeholders have questioned the effectiveness of its role in guiding the development of the GH and maintaining a sense of strategic buy-in across the partnership. It is clear that key decisions have been discussed and agreed by the board, yet this does not seem to have prevented the development of a perceived lack of engagement.

2.25 The team at SCR have already recognised that the challenge here could be related to the level at which stakeholders are represented on the BGEB. As a strategic board, the scope for stakeholders with an operational role (and more day to day engagement in the GH) to engage with the BGEB is limited. More operationally focused boards were set up around thematic support areas (the GH spokes) but not the GH's operation as a whole. This, along with other factors may have led to the view that governance structures are not working as effectively as they might be. An overarching GH Operational Board was established in early 2018 to address this problem.

4: Challenges Within the GH Partnership

2.26 There have been some challenges within the GH partnership and at times relationships between some partners have become difficult. Consultation with stakeholders suggest that several factors might have contributed to this:

- **Difference in working styles.** The GH team appear to have taken an outcome focused approach to developing and implementing the GH. This has clearly been a major factor in the progress made but appears to have led to a perception amongst some stakeholders that the team's approach is overly direct and blunt. Equally, this observation has been highlighted for other members of the wider GH partnership.
- **Underestimation of the challenges of partnership working.** The GH team might have underestimated the challenging nature of public sector partnership working and the need to carefully consider political sensitivities, organisational agendas and sources of influence when developing collaborative programmes. Equally, some stakeholders have suggested that not all partners approached the GH project in a sufficiently open and flexible manner and that organisational agendas might have stood in the way of developing a city regional approach.

- **Lack of strategic oversight at SCR.** Concerns about the political landscape and need for guidance were flagged by the GH team early in its development. Numerous stakeholders have highlighted the potential benefits that a greater level of advice, oversight and guidance from a more strategic level member of staff could have helped strengthen partnership working. Similarly, the level of engagement of the Business Growth Executive Board in the GH's development is reported by some to have been lacking and there is a sense that the GH might have benefitted from a strategic level 'champion' to help gather support and broaden engagement.
- **Personal approaches and attitudes:** some stakeholders perceive a negative attitude amongst the GH team towards the quality and suitability of LA business support provision and report that this has not been good for working relationships. Equally, concerns have been raised that some external stakeholders have been less cooperative than would ideally have been the case. More generally, concerns about the suitability of some team members' and stakeholders' communication style and approach to partnership working have also been highlighted.

2.27 These issues have exacerbated challenges in the partnership and contributed to sensitivities, defensiveness and tension amongst various parties.

Performance of the Growth Hub

2.28 A central question for the review is whether the GH is performing in line with its original objectives as set out in the SCR SEP. It is clear that the GH is not operating as originally envisaged and outlined in the SEP (see Appendix A for overview of objectives). Specifically:

- **The GH model does not include 'Growth Deals':** The original expectation that the GH would provide multi-agency, bespoke support packages to selected companies to facilitate their growth in the City Region was set out in the SEP but abandoned by the time the Task and Finish (T&F) Group's briefing paper was produced. Although buy-in from partners was a factor, our understanding is that the practical barriers to this approach (namely funding and concerns about State Aid) were the key factors which prevented it coming to fruition.
- **Other GH activities are less targeted than originally envisaged:** The SEP also highlights a role for the GH in more traditional business support service delivery. Although the growth deal concept was not pursued, the aspiration for more intensive support activities to be targeted towards high priority businesses remained in the output of the T&F group. It is difficult to conclude, based on the evidence that

the review has seen, that the GH is operating a highly targeted / prioritised service. The majority of stakeholders see the GH as providing a broad offer, open to all, rather than a targeted and selective service.

2.29 While the GH is not delivering what was originally expected of it, this should not be interpreted as implying that the GH is under-performing. It does however mean that the assessment of the GH's performance needs to be more nuanced as there is not currently a formal and shared statement of objectives for the GH. This of itself presents a challenge given that stakeholders expectations of the GH vary and as a result there are various perspectives on how it is performing. For example:

- **BEIS:** are happy with the GH performance and have ranked it amongst the highest performing GHs nationally (BEIS have not shared the criteria against which this assessment was made).
- **SCR CA:** While the GH is not performing the role originally set out for it in the SEP, it is viewed positively on the basis that it is meeting important targets and facilitating delivering of key services in the City Region. Nonetheless, difficulties within the partnership and in collaborative arrangements are widely understood and could be undermining perceptions of the GH's success overall.
- **External stakeholders:** views on the GHs performance differ markedly amongst the external stakeholder group. Some view the GH very positively and particularly value the additional delivery capacity and capability it brings, whilst others would like to see changes in the design and delivery of the GH (a key concern amongst this group being duplication and overlap of functions).
- **Businesses:** the GH's client base report strong satisfaction levels although interviews with non-engaged businesses suggest that there is more to be done to boost awareness and penetration.

2.30 Apart from the high level quantitative targets against which the GH reports, there is no assessment framework agreed across the partnership. That is, no clear agreement in place for what a successful GH might look like. The review has looked across all of the available evidence and considered the perspectives of the full range of stakeholders to draw conclusions about the overall performance of the GH. These are summarised below.

What is Working Well?

1: The GH is Delivering Against Funder Requirements

2.31 The very significant amount of progress that has been made in setting up a gateway service, team of business advisors and underpinning processes should be acknowledged. This has taken place in a relatively short period and in the context of a very challenging partnership environment.

2.32 When the GH team came into post, they needed to develop the structures and processes to underpin the GH and get important functions up and running. With this in mind, the progress made and amount of assistance delivered to businesses since the GH pilot in 2015/16 is substantial. Analysis of GH performance data (see Appendix B) indicates that since the launch of the GH, it has:

- provided some light touch support to more than 5,000 businesses
- delivered Information, Diagnostic or Brokerage (IDB) assistance to 3,376 businesses
- made 4,285 referrals to public or private sector support
- delivered intensive, face to face support to 1,726 businesses.

2.33 The GH has clearly been very effective in engaging with a large number of businesses. And, judging by the targets associated with the LGF business case, this is precisely what SCR was expecting it to do.

2.34 The GH is performing well against its LGF targets and the level of activity is impressive by any measure, yet more so when the starting point and challenging partnership environment is taken into account. Clearly, there is a lot of scope remaining for the GH to grow its presence and penetration into the local business base (for example, the c.5,000 businesses engaged since the GH was launched represents just 4% of the SCR business base.

2.35 The rapid progress made in setting up systems and processes has been instrumental in getting delivery activity underway in all nine of the SCR local authorities. This has directly contributed to meeting the important aspiration stated in the output from the Task and Finish Group[1] who developed the GH concept to provide a more equal and less fragmented support offer to businesses in all parts of the city region. This is particularly important in more rural local authorities (many of which have less internal capacity for business support

[1] GH Task and Finnish Group (2015) Note to Incoming Head of GH

delivery and coordination). In these areas, the gateway, BGSs and Access to Finance are viewed as a particularly helpful source of additional resource.

2: The GH is Delivering a Well-regarded Triage Function

2.36 The GH's triage/gateway function is viewed very positively by the majority of stakeholders. It is seen as a credible and effective means to provide an initial needs assessment for businesses who are unsure of what initial steps they should take and it deals efficiently with a large volume of enquiries and makes a substantial number of referrals. Data from the gateway team's survey work shows a very high level of client satisfaction (in excess of 98% as shown in Appendix B). Although we cannot verify the sample selection method or its representativeness, the high level of satisfaction reported by gateway clients echoes the positive feedback from stakeholders about the strength of the gateway approach. In particular, this feedback underlines the importance of:

- **Balance between structure and judgement:** GH's often find it difficult to achieve the right balance between delivering a cost-effective triage function and providing a flexible and responsive service to businesses. While structured assessment methodologies can be very helpful, if applied in an overly mechanistic manner they can act as a barrier to engagement and stand in the way of developing the rapport and trust which is so important in business support relationships. The GH's gateway team emphasise balance and advisors are encouraged to use their judgement as well as the tools available to them. This is an important strength of the approach.
- **Fine tuning:** Consultees report that the GH team's emphasis on continuous improvement has been useful in honing the triage function and that the various ' tweaks' and continual fine tuning of the approach has been a major strength.
- **Capacity for next steps in place:** the availability of BGSs as a second step to provide a deeper needs assessment after the light touch triage is an important feature of the gateway process. The line between needs assessment and support delivery becomes blurred but consultations suggest that many businesses value the opportunity to spend more time considering and defining need and next steps in detail.

2.37 It is important to note that the gateway function was brought in house in 2016 and that this caused some tension within the GH partnership. The review cannot comment on whether the outcome (in terms of quality and satisfaction) would have been different if the decision to bring the gateway function into the GH's delivery team had not been taken.

However, it is important to acknowledge that while the decision and related tensions have been difficult, it does not appear to have detracted from the overall triage offer.

3: GH Clients are Happy with the Support

2.38 The gateway team undertake frequent customer satisfaction survey work to ascertain the level of client satisfaction. This is carried out by the gateway team rather than external market researchers so that the survey can be used as an opportunity to re-engage with gateway clients to explore next steps and further support needs. Operationally, this is a sensible approach although naturally it does mean that the survey research methodology is less quantitatively rigorous than it might otherwise be. That is, we would not expect to see random sampling techniques employed as part of this survey activity, so the sample might not be free of bias. Generally speaking, survey respondents tend to be more open and frank in their responses (especially if critical) to objective interviewers rather than those who provided the support so this could influence responses.

2.39 While the method might result in a non-representative sample, the high satisfaction levels (see appendix B) are notable nonetheless. In both 2017 and 2018, the overall satisfaction rates reported by the survey were very high (98% and 99% respectively).

4: A substantial proportion of clients receive multiple referrals

2.40 The chart in Figure 2.1 summarises the number and nature of referrals made by the GH. This analysis suggests that while a large proportion (54%) of the 2,315 businesses that the GH has made referrals for have been referred on a single occasion, the analysis suggests that the GH has assisted 46% of its clients more than once.

2.41 That is, 46% of the referrals made by the GH represent 'repeat business'. This reflects positively on both the perceived quality of the GH service and its progress in building longer term relationships with businesses. This contrasts with the perception of some stakeholders that the GH is too focused on delivering more transactional ERDF business assists at the expense of building lasting relationships with businesses. The team report that the systematic use of the gateway satisfaction survey as a means to re-contact preferred businesses has been helpful here.

5: Aspirations related to consistency of provision have been met

2.42 Many stakeholders value the additional capacity for light touch triage and more intensive diagnostic support made available by the GH. Bearing in mind the importance of 'equality

of access' in the GH's objectives, the importance of the delivery capacity that the gateway and BGSs play in achieving this should not be underestimated. This is particularly important in more rural local authorities which tend to have less capacity to deliver business support. The AFCoE advisors are universally highlighted as welcome additional capacity to deliver an important specialist function which would not otherwise be available.

2.43 It is notable however that in some areas, the BGSs are seen to be at risk of duplicating the efforts of others and adding to rather than relieving complexity in the supply landscape. The challenge here is linked with the Enhancement Project, which is explored elsewhere. Nonetheless while there are concerns in some areas about duplication, there is an overriding sense that the additional capacity is welcome and helpful. The challenge for the team is to eliminate or better manage areas of overlap.

Where is the Scope for Improvement?

1: The GH's Referral Network Could be Broadened

2.44 Although the SEP does not refer to a role for the GH in coordinating business support activity more widely, this aspiration emerged as the GH developed and is evident in the output from the T&F group. There are however few statements about what, specifically, the GH is seeking to achieve here and how its coordination role will be fulfilled. This makes it difficult to comprehensively assess performance against this aspiration.

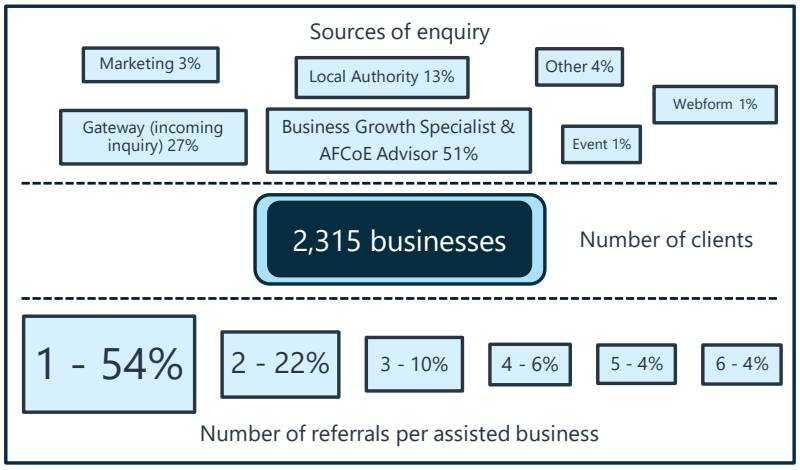
2.45 Naturally, the GH's gateway function is an important tool and a central coordination mechanism. Although the gateway function is valued, there are concerns that it (and the GH more widely) is less embedded into the business support landscape than it would ideally be. Some stakeholders report that the GH does not have a particularly positive reputation and that this could be undermining efforts to develop the referral network. Analysis of the referral activity into and out of the GH (summarised in the diagram below) highlights a number of important points:

- **The overall referral network appears to be quite narrow:** the data suggests a relatively modest number of organisations are referring or signposting businesses towards the GH and that much of the traffic to the GH is self-generated (through marketing and activities of BGS and AFCoE advisors). It is important to note that the CRM data might underplay actual activity and less formal referrals from external organisations (often directly to specific advisors rather than to the gateway).

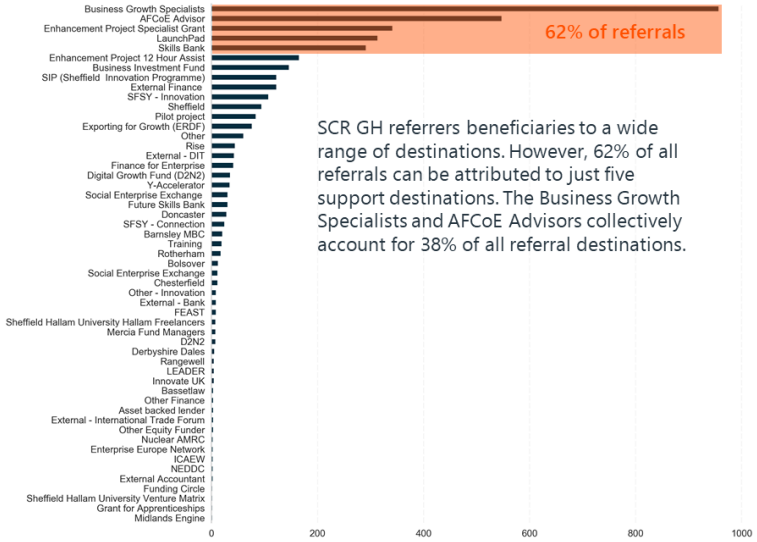
However, the picture presented by the data here does align with the views of some stakeholders that the GH may not have a broad enough referral network.

Figure 2.1 Referral Flows Through the GH

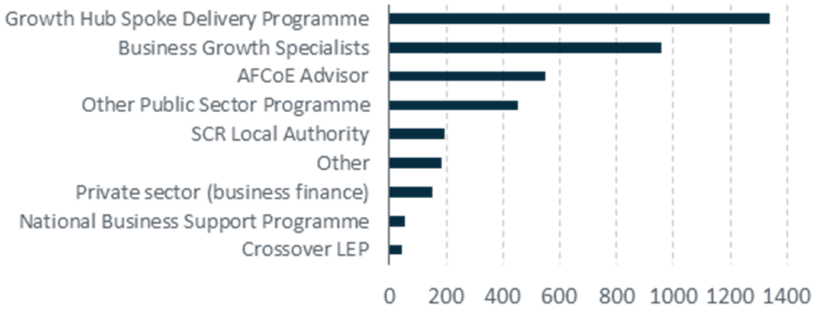
Referrals Into the Growth Hub



Referrals Out From the Growth Hub



Referrals Out From the Growth Hub (Grouped)



Source: Sheffield City Region GH Monitoring Data, 100% coverage

- **BGS / AFCoE advisors generate the majority of gateway enquiries:** just over half of businesses enquiring to the gateway are recorded as originating from the BGSs. The important role for the BGSs in generating demand was intended and is incentivised through the KPIs against which the performance of these advisors is monitored.
- **Referrals from local authorities make up a small proportion of enquiries:** just 13% of enquiries are recorded as originating from local authorities. This is a small proportion overall and it is notable that the large majority of these are from a single local authority. **A large proportion of gateway referrals are received by BGSs or AFCoE advisors:** CRM data suggests that 24% of gateway referrals are made to BGSs and 14% to AFCoE advisors (more than a third of the total). The importance of the BGS as a referral destination in part reflects the suitability of the BGS offer as a logical next step to determine the support needs of the business and explore next steps, although it could also reflect the significant proportion of enquiries into the GH which originate with the BGS.
- **Only a small proportion of referrals are received by non-GH services:** the BGSs, AFCoE advisors and services formally included within the GH Spokes together account for almost three quarters of GH referrals. There is very little referral activity to private sector providers (and almost all of this is finance related) and other public-sector services receive just a small proportion of referrals.

2.46 It is, of course, important to acknowledge that the GH needs to be responsive to the needs of the businesses that go through the gateway process. However, the dominance of the projects which are funded by or linked directly to the GH is quite notable here. If the GH is perceived to be dealing with only a narrow portion of the business support landscape, then this could undermine efforts to broaden the incoming referral network and generate the GH's wider strategic influence.

2: More emphasis is needed on co-ordination and referral

2.47 Overall, the picture seems to be one in which delivery, rather than coordination has taken precedence. This is evident in numerous features of the GH's design and operation:

- **Overall targets:** the targets set out in the GH's Business Case for LGF funding and approved by the Business Growth Executive Board provide a clear indication of the relative weight placed on delivery vs referral. These suggest a clear focus on directly supporting businesses rather than referral activity (the ratio between businesses

referred and business supported is 1:5). The targets also suggest that the vast majority of businesses engaged (6,500) would be supported by the GH (5,000).

- **Delivery role on Enhancement Project:** as an ERDF project the EP naturally comes with delivery / output targets and the GH's responsibility for delivering a significant proportion of these will inevitably have changed the focal point of activity.
- **Development of spokes:** The manner in which the Spokes have developed also suggests a lack of focus on coordination. The referral network presented on the GH's website appears limited, which means that the GH does not appear, to external stakeholders, to provide full coverage of the business support landscape. This could undermine both stakeholder and business engagement activity. It is also worth noting that the limited progress with other spokes is contributing to a perception that the GH is predominantly focus on the Enhancement Project and Launchpad. This is not necessarily the case but the existence of this perception is a challenge.
- **Marketing:** The GH has engaged with a large number of businesses yet there is a perception amongst some stakeholders that the GH is not doing enough direct marketing and engagement. There is a general perception that the GH is not as active in attending others' events etc. There might be scope to refocus the purpose of the GH's marketing activities to provide a wider set of benefits to others.

2.48 The GH team clearly recognise the importance of strategic engagement activity such as that to develop referral networks, raise the profile of the GH amongst intermediaries etc but report that these activities can be difficult to prioritise amongst other calls on their time. The GH team report that they are increasingly needing to be reactive and this has affected their ability to undertake more strategic tasks. This could underpin the perception amongst some stakeholders that the GH does not engage sufficiently outside its own network.

3: Overlapping functions have contributed to operational challenges

2.49 The overlapping roles and functions of the BGSs and KAMs in South Yorkshire LAs is widely accepted as a problem in the current GH model. This seems to have arisen in large part due to the nature of the GH's delivery role on the Enhancement Project. The division of responsibility for delivering project outputs between the GH and local authority teams is sub-optimal and this has led to functional overlap between the BGSs and LA teams.

2.50 The Enhancement Project's contractual ERDF targets are stretching; the delivery partnership need to collectively achieve 600 12-hour SME assists, 300 SME grants and 840 enterprises receiving IDB (amongst other targets). This has naturally led to a focus on the quantitative

aspects of delivery and as the project has progressed it has become clear that some of these targets could prove challenging.

2.51 The GH team had not originally intended to take on a large delivery role for the EP. They report that the request for the GH deliver the grant funded consultancy support element of the EP was unexpected and came at a late stage in its development. The GH team agreed to take this arrangement as they believed that the EP would not proceed if they did not accept a delivery role.

2.52 It is now apparent that the nature of the GH's involvement as a delivery body for the EP has had a number of undesirable consequences:

- **Sub-optimal division of responsibilities:** Local Authority Key Account Managers (KAMs) deliver the majority of the 12 hour assists while the GH's BGSs focus largely on more in-depth grant projects. In an integrated programme there would ideally be read across between these two elements of the project. This fragmentation is not ideal but could be workable if carefully managed.
- **Broadening of the BGS role:** some stakeholders report that the agreed division of responsibility for the EP and associated contractual targets led to a broadening of the BGSs' role whereby focus shifted from providing discrete, specialist packages of support to more general growth management assistance. There is however evidence to suggest that a broader role for the BGSs was always expected. For example, the original GH design (as set out in the output of the T&F group) suggested that the BGSs would maintain relationships with GH clients and deliver a longer-term account management function.
- **A focus on the numbers:** the contractual requirements are challenging and shared by local authorities and the GH. The issues have been exacerbated by a sub-optimal division of responsibility for delivery in which the 12-hour assist is separated from the grant-funded consultancy activity.
- **Concerns about overlap and competition:** as the reality of delivering volume ERDF targets across the partnership has become clear, members of the partnership became concerned that BGS activity may compete with local authority teams' activity and that this could undermine coordination efforts. Key Account Management Lists (KAM Lists) emerged as a potential solution to this problem. Stakeholders and the GH team all report various interpretations of the origins and purpose of these lists. Although there is no consensus on the back-story, the partnership is in broad agreement that they are an undesirable and unsustainable feature of the model, not

least as they run counter to the GH's business centric approach by essentially removing business choice about which organisations they can work with,

- **Operational tensions:** concerns about coordination, overlap and the workability of KAM lists have worsened over time and some consultees are concerned that BGSs may not always be sufficiently objective in their approach, may be focused on marketing their own services and not as willing to work in coordination with local authority partners as would ideally be the case. This perception cuts both ways and there are reports that some local authority staff are reluctant to share their own leads and contacts as their focus increasingly shifts towards meeting contractual targets. Consultees report that many of the flashpoints in the EP seem to have been related to the KAM lists, although these could have been indicative of wider tensions within the partnership.

2.53 These factors have proven to be a very difficult combination and managing the challenges and the overlaps in roles, responsibilities and functions has exacerbated some of the difficulties in the partnership. The next iteration of the GH needs to avoid a functional overlap such as this by clearly defining the respective roles and responsibilities. The functional clarity between AFCoE and others needs to be sought in all areas of the BGS role. Discussions and decisions about respective roles and responsibilities need to be informed by a shared understanding of the distinction between delivery and coordination (and specifically where needs assessment ends and delivery of support begins).

4: The process for managing ongoing relationships is unclear

2.54 The post-support process, particularly ownership and management of the ongoing relationships with businesses is not particularly well defined. This has fed into tensions which have arisen in relation to the KAM lists and the functional overlaps between BGSs and advisors in some local authorities.

2.55 Documents relating to the early development of the GH approach position the BGS as having a role in maintaining and managing business relationships. local authorities with existing business support delivery capacity have, in some instances, been unwilling to subsume their business engagement and KAM functions into the GH (and this reluctance, together with practical concerns about competition in the EP have contributed to the perceived need for the KAM lists).

2.56 It appears that the language used here may have caused some confusion and difficulties. The BGSs' role in maintaining ongoing relationships was described as a 'Key Account

Management' function which might have been interpreted as implying a focus on management of major companies and strategic functions. In practice, this was not what was expected.

2.57 Irrespective of the confusion over terminology, the important point is that there has been a lack of clear understanding or agreement about which organisations should manage the relationship with businesses. This is not optimal and has resulted in piecemeal and fragmented efforts to maintain contact and relationships across all members of the partnership and delivery team. This further undermines the more strategic function of the GH and contributes to perceptions that the GH is focused on delivery of transactional packages of support rather than maintenance of ongoing, longer term relationships.

5: A More Explicit Approach to Client Targeting is Needed

2.58 It is clear that the GH's activities are not as targeted as many partners were expecting. In the context of the expectation that the GH would provide a targeted service, the very rapid progress that the team has made and the ability of the GH to engage with a large number of businesses has heightened the concerns of some stakeholders that the GH is not as targeted as it might be, that it is too focused on quantity of businesses rather than impact and not sufficiently strategic in its approach.

2.59 These concerns seem to stem from a lack of shared understanding about what specifically the GH is seeking to achieve and the specific function it fulfils in the business support landscape. For example, if there was an agreed emphasis on coordination and access we would not expect a GH to be explicitly targeting or prioritising client types. But if the emphasis was on high impact, more explicit prioritisation would be expected.

6: There is Scope for Improved Partnership Working

2.60 It is clear that there have been some challenges in the partnership and that relationships are strained in some places. Operationally, the partnership as a whole is doing well to deliver support in spite of some of the tensions and challenges which exist behind the scenes, but strained relationships are not desirable and will inevitably act as a barrier to the emergence of true collaborative working across the partnership.

7: There is Scope to Increase Awareness of the GH

2.61 Views on how effectively the GH has been marketed are mixed. There are concerns that its reach and awareness amongst the general business population are not as strong as they

would ideally be. This is borne out by the small number of interviews with businesses undertaken as part of the review (see Appendix D) which, although the sample size is small, point towards limited awareness of the GH.

2.62 In practice, there is little evidence to suggest that mass marketing and broad awareness raising campaigns help to improve GH penetration, so it does not necessarily follow that more investment in marketing is required. In fact, all of the evidence around business support points to the benefit of marketing through networks and using advisors to identify and target businesses with the right characteristics. The challenge here comes in ensuring that efforts to market the GH focus on the businesses which have the greatest propensity to engage, and where the additional benefits are likely to be greater.

8: More evidence around satisfaction and impact would be helpful

2.63 The GH team prepare and collate a lot of output related data to meet the requirements of its funders. This information on progress is disseminated amongst the partnership to provide updates on the numbers of businesses that the GH has been working with, the number of referrals etc.

2.64 Less data is collected on metrics which provide insight into the effectiveness of the GH's activities. For example, satisfaction with individual elements of the process (aside from high-level satisfaction), whether businesses believe that their needs were fully assessed and explored, whether support has resulted in changes in perceptions around business support.

2.65 Although not required by funders, the GH team could be missing an opportunity here to produce some insightful management information about their effectiveness to help guide and shape delivery. This would also have the benefit of providing an environment in which perceptions about the emphasis on quantity vs quality (which are reported by some stakeholders) could be explored and if necessary challenged.

Summary and Implications for the Future

2.66 The story of how the Sheffield City Region GH has developed is complex and there is little consensus amongst internal and external stakeholders about how well the GH is performing and the factors which have shaped its development and performance. It has clearly been difficult to get to this stage but all of the stakeholders involved in developing the GH to this point should reflect on the GH's rapid development with a sense of achievement.

2.67 While there is certainly scope for some improvement, the team has a very strong platform on which to build in the form of a GH which has delivered a lot of support, with a committed team in place and which has some strong underpinning processes and systems. This platform will be strengthened by investing in the development of the partnership underpinning the GH.

2.68 Looking to the future, it is important that whole GH partnership reflect on the following.

In spite of the difficulties, many aspects of the GH are working well…

The GH's journey so far has undoubtedly been difficult and there is clear acknowledgement amongst partners that lessons should be taken from the last few years. There is a risk that difficulties within the partnership could affect the GH's wider reputation and undermine views on how much progress has been made in implementing the GH. With this in mind, it is important to recognise that many elements of the GH are performing well and to acknowledge the team's significant progress and achievements. In particular the GH is:

- delivering against funder requirements
- meeting objectives around equality of access
- delivering a well-regarded triage function
- starting to develop longer term relationships with businesses
- building a sizeable base of satisfied client.

2.69 These highlights and achievements provide an important foundation for the GH's future. While there may be a case for change in some aspects of the model, there is also a strong platform on which to build and some real achievements which should be recognised.

…but there is scope for improvement in some areas

2.70 While there have been lots of successes, the review has highlighted a number of areas of weakness within the current GH model and operation: In particular:

- the GH's referral network could be much broader
- the GH needs to increase its focus on coordination and referral
- functional overlaps within the partnership are not in business interests and should be eliminated where possible
- a more clear process for managing ongoing relationships with businesses is needed

- The approach needs to be underpinned by a much clearer targeting framework and greater consensus around who the GH's target clients are.

… and there are some important lessons to carry forward

2.71 Looking back at the experience of developing the GH to date, there are some clear lessons which have emerged. In considering the next steps, the team should carefully consider:

- **Lesson 1: Buy in and Consensus are Essential**. The lack of consensus around the original GH model did not provide a strong foundation for its development and this lack of buy-in persists. This is making it difficult to develop a truly collaborative and partnership-based approach.
- **Lesson 2: Expectations Must be Carefully Managed.** The story of raised expectations and subsequent disappointment which has influenced so much of the GH's development needs to be avoided in future. With this in mind, it is important to recognise the potential influence of funding streams on ability to deliver against strategic expectations. The next iteration of the GH will need to be developed with one eye on what can practically be achieved in the current policy and funding climate. And this should be a key theme in discussions with external stakeholders.
- **Lesson 3: Continued Engagement Helps to Maintain Buy-in**. More effective, partner engagement at all levels throughout the development of the GH might have allowed partners to work though areas of disagreement and build consensus as the model evolved. As a minimum, this would have helped maintain a sense of ownership and influence amongst partners and avoided the perception that the GH was being done to stakeholders, rather than with them.
- **Lesson 4: It is difficult to deliver and coordinate**. It is important to acknowledge that it is very difficult to be perceived as an objective broker and strategic coordinator of support when involved in the delivery of support services. This is a common challenge for GH's (given the delivery focus of most of the funding streams available to them). Careful consideration is needed when designing the next iteration of the GH to ensure that the objectivity and additionality of GH activities are not called into question.
- **Lesson 5: Overlapping Functions Create Space for Conflict.** The overlapping functions between the BGSs and some LA teams have been very difficult to manage and has led to a situation where the division of responsibility is defined in terms of who leads the ongoing relationships with each individual customer. Managing this

has been distracting, resource intensive, detrimental to the partnership and the ability of the GH to develop strategic influence.

- **Lesson 6: The perfect system may not exist:** It is understandable to look for an optimal system which will ensure that the pathway for businesses is clear and that no businesses slip through the cracks. Given the complexity of the landscape and variety of organisational priorities it is very difficult to design / engineer an optimal system which works for both business and provider. In practice, the optimal approach will need to be flexible and coordinated, rather than absolute. The flexibility needed to effectively coordinate business support services is enabled by positive working relationships and trust between providers. This means that all partners need to try to move beyond the difficulties and differences experienced so far and start to develop more positive working relationships. An honest assessment of the feasibility of this and identification of supporting activities which might help is needed.

3. Future Challenges and Priorities

3.1 This section provides an overview of the various pressures and challenges that Growth Hubs (GHs) face and highlights the important implications of this for the Sheffield City Region GH. The analysis here draws on:

- A review of literature relating to SMEs engagement with business support and interviews with businesses that have not engaged with the Sheffield City Region GH. The full evidence base is presented in Appendix C.
- Review of the experience of GHs elsewhere, focusing on the challenges that GHs have faced and the manner in which they have been approached. Case studies are presented in Appendix D.
- Analysis of the evolution of the business support policy environment, assessment of the direction of travel and potential future policy direction. This is presented in full in Appendix E.

3.2 This section identifies the important points emerging from these three strands of analysis and highlights the implications for the future of the SCR GH.

Background to the Growth Hub Agenda

3.3 GHs have formed an important part of a gradually emerging agenda seeking to improve the coordination and delivery of business support services at the same time as devolving selected policy and delivery responsibilities to LEPs. The recommendations of the Heseltine Report led to the establishment of Local Growth Funds managed by LEPs and the alignment of ESIF funds to LEP plans. This, alongside the continued emphasis on local economic growth, set the scene for the roll out of GHs nationally.

3.4 Although Central Government made funding for GHs available through various channels, it was not prescriptive about how Hubs should be set up and the role they should play. As a result, the concept was interpreted differently across LEPs and a range of different models emerged. While there is a wide variety of GH models with a range of aims and objectives, they all appear to share a common aspiration: *to make it easier for businesses to access appropriate and high-quality support services.*

3.5 In practice, this means that GHs were set up to:

- develop or improve routes into the business support system
- find ways to more effectively signpost businesses to the right support
- offer an effective means to understand immediate and longer-term support needs
- provide and enable access to a flexible and coordinated set of support services.

3.6 Naturally, the balance between these aspirations differs across LEP areas and local context has influenced the development of GHs in various ways:

- **Pattern of supply**: the degree of fragmentation and complexity in the landscape of business support and whether there is a need for enhanced coordination
- **Composition of demand**: the level and type of demand among businesses and their preferred way of accessing support
- **Balance between supply and demand**: whether there are gaps, or over-supply, in some types of service
- **Local organisational context**: relationships and established ways of working between providers of support
- **Nature of available funding**: the nature and requirements associated with funding streams made available to GHs.

3.7 These locally specific factors have further influenced the variety of models which have emerged and the way in which the GH agenda has unfolded. While the emphasis, from a policy making perspective, has been on coordination or and access to business support services, much of the funding available to GHs has focused on delivery of support services and this has had a very significant effect on GH activities as many have found their focus shifting to grant defrayal and delivery of business assists, often at the expense of developing the relationships and strategic influence needed to fully implement their co-ordination role.

Challenges and Priorities faced by Growth Hubs

3.8 GHs have encountered various difficulties in responding to the challenging set of requirements placed upon them by BIS (and latterly BEIS) and they have adopted various methods and approaches to respond to these challenges (selected case studies are provided in Appendix D to illustrate some of the approaches taken). We summarise here

some of the most important questions that LEPs have had to explore in designing and developing their GHs.

1: Should the GH Focus on the Demand or Supply Side?

3.9 There are various long-standing challenges in the delivery and coordination of business support and these related to both the supply and demand sides. While the GH agenda offers a mechanism for change, there is only a relatively small pot of funding available to address some complex and enduring challenges. Many GHs have been very ambitious and sought to address both supply and demand side challenges in business support. This has led to some significant difficulties as GHs have tried to both position themselves as impartial brokers whilst also delivering business support services of their own at the same time. In some instances, their perceived objectivity has been questioned as they struggle to balance volume delivery targets with their aspirations around coordination and influence.

3.10 This has been a challenge for the SCR GH and it is one which, if not carefully managed can undermine confidence and reduce the strategic influence and perceived objectivity of the GH. The experience of many GHs shows that it is very difficult to both deliver and coordinate support services. In an ideal world, GHs would operate wholly independently of delivery activities but this is difficult in the current funding environment. At the least, the delivery models and KPIs should be very carefully designed and operated where a GH is seeking to operate on both sides of the fence.

2: Where is the Line Between the Demand and Supply Side?

3.11 Efforts to distinguish between coordination and delivery have raised some interesting questions about how best to define needs assessment / coordination. Clearly, basic triage and IDB (of a type that most GHs are providing in one form or another) falls squarely within the needs assessment category. But the line gets very blurred when more detailed business analysis is concerned. This too seeks to identify and understand need and next steps (so can be viewed as art of the needs assessment / coordination role) but it is often considered to be a delivery activity, in part due to the way this activity is funded.

3.12 This has certainly been the case for SCR where the Business Growth Specialist's (BGS) role has been perceived to be predominantly about support delivery (particularly on the EP) rather than as an extension of the gateway process.

3.13 Some GHs (Leeds being one example) have configured the majority of their activities around an Account Management role, in which Growth Advisors provide a brokerage /

guiding function and work alongside businesses over the longer term to help guide and shape their growth journey. The focus here is on ongoing coaching to help shape and develop business growth plans, identify external support needs as the business implements its growth plans and help to broker introduction to appropriate external providers in the public and private sector. Importantly, while the advisors play a value adding role, they do not deliver discrete packages of support. This places this activity in the demand side given the importance of linking to external providers.

3.14 Although this appears to be a very technical consideration it is actually a fundamentally important consideration for GHs as it provides important clarity in the GH model. Partners in the SCR will need to carefully consider the distinction between demand and supply side activity in identifying next steps for the GH model.

3: How Can Appropriate Funding Sources be Identified?

3.15 While the benefit of the account management role is recognised, many GHs report that they have found it difficult to identify appropriate funding sources to enable this. There are many examples of GHs that have sought to use delivery focused funding streams via RGF and ERDF to fund this type of activity, only to become bogged down in the pressures of delivering against volume targets. Pressures to churn through large numbers of businesses (and the continued focus on output rather than impact driven value for money in some key funding streams) has often come at the expense of ability to deliver the longer term and more nuanced relationships with businesses that GHs are seeking.

3.16 The key challenge which has emerged for many GHs is how to find funding streams which are conducive to achieving their objectives. Many GHs have started out with aspirations around coordination only to be dragged into the nuts and bolts of delivering against ERDF contractual targets. The GH team will need to work closely with others in SCR to identify and secure funding which will not unduly influence the model and operation of the GH. Where compromises need to be made to lever in funding, the impact of these should be carefully managed.

4: How can GH's influence supply and activities of others?

3.17 Most GHs have gone with the grain of existing provision and designed their hubs to solve specific problems, rather than to stimulate a radical overhaul of the business support system. Incremental change to build credibility as a coordinating body, strengthen partnership and collaborative working arrangements and leave the GH in a position of

strategic leadership from which they can continue to influence the shape and focus of services in the future is the gold standard here. But this is very challenging for GHs to achieve given that they lack a mandate to dictate the activities of others and, in many areas, have very limited funding that can be used to influence and shape provision or activities. In short, many GHs find themselves seeking to implement a demanding set of priorities across complex partnerships with neither carrot nor stick to assist them.

3.18 This has certainly been the case in the SCR where partnership arrangements have been challenging and there are evidently a variety of views on how best to organise business support in the City Region. In order to position itself more effectively within the business support landscape, the GH team will need to shape their activities in order to develop greater level of strategic influence to allow the GH to better coordinate and influence business support activity.

5: Should the Hub seek breadth or depth of engagement?

3.19 GHs haven't previously had much of a steer in this regard – it has largely been left up to individual Hubs to decide whether their offer should be to provide something for everybody or a more targeted and focused service specifically for businesses with particular characteristics. And there are lots of examples of GHs which seek to target particular business types but in practice operate very relaxed criteria to ensure that targets are met.

3.20 There is no right or wrong approach to targeting; the decision of whether to target Hub activities towards a specific set of SMEs depends on the role that the LEPs want their Hub to play in business support provision, what is already in place and the specific problems that the LEP is aiming to solve. The important point is that, the targeting approach will, or at least should, drive the design of other aspects of the Hub.

3.21 This appears to be a particularly contentious issue in SCR and one where GH partners may not share the same view. The publication of the Inclusive Industrial Strategy will help to provide some clarity on the characteristics of priority sectors for the City Region as a whole and this might help to shape the prioritisation framework for the GH.

6: Should impact and effectiveness be measured and monitored?

3.22 The monitoring and reporting requirements of GHs have reflected the funding which has been available to them and many have become focused on collecting data on outputs. That is, on counting the number of businesses they have worked with at various levels of intensity. This is, of course, very important (not least as it is a BEIS requirement).

3.23 However, in many instances this has come at the expense of wider data collection which reflects outcomes, impacts and satisfaction. While more challenging to collect this type of data provides helpful management information to help identify elements of delivery which are more and less effective. Importantly, it also provides a wider evidence base for partners and stakeholders about the *value* of GH activities and the particularly *outcomes and impacts* that activities are supporting.

3.24 This has been a particular challenge for the SCR GH where stakeholders report varying perceptions about the GH's effectiveness and operations. A greater level of more appropriate information about impacts and effectiveness will help to ensure that stakeholders views are informed by the facts.

Current Expectations of Growth Hubs

3.25 The Industrial Strategy reaffirmed the government's ongoing commitment to GHs although it provides little detail on what role GHs are expected to play. BEIS recent paper[2] has provided a further steer in the form of a set of 'Principles of Funding' for GHs. A detailed description of these principles is provided in Appendix E. The most important points relating to BEIS current requirements are summarised below:

- **A more prescriptive approach:** BEIS now appear to be looking to achieve a greater level of consistency across GHs and are beginning to take a more prescriptive approach than they have previously to help achieve this. There is however still an opportunity (indeed, a requirement) for GHs to be configured to ensure that they meet local needs. Specifically, they are expected to be embedded within each LEP area's Strategic Economic Plan and Local Industrial Strategy. As BEIS requirements become more specific, this could become an increasingly difficult balance to strike.
- **Greater emphasis on monitoring and evaluation**: BEIS appetite to understand and capture the impact of GHs is evident in the principles of funding document, the involvement of the What Works Centre in its development and the nature of the requirements set out in the Common Metrics Framework. This suggests that an evaluation or benchmarking exercise could be in the pipeline.
- **Continued high expectations around coordination**: the paper is clear that BEIS expect GH's to continue to play an active role in the coordination of services. It states that GHs should be seeking to work closely with national services and develop

[2] BEIS (2018) GH Principles of Funding 2018-19

relationships with public and private sector. In this regard, BEIS are continuing to expect a great deal of GHs given the level of funding (and by extension influence) they are being provided.

- **A shift towards a two-speed GH requirement:** BEIS are looking to move towards GH models which explicitly use very light touch engagement methods to provide a basic triage function for all businesses (and the guidance is clear that this should be provided as efficiently as possible), but that services as a whole are explicitly targeted towards the businesses with the highest growth potential. Indeed, the guidance is quite specific on both of these points and goes as far as outlining the types of services which should be prioritised towards priority businesses.
- **A clear role for GHs in engagement and marketing**: The expectation that GHs will play a role in stimulating demand for and encouraging / enabling engagement with business support services through providing a free and impartial local single point of contact is very clear. The role here encompasses both the lower priority (something for everyone) businesses and an active role in identifying and engaging with the very high priority businesses.
- **Integration with skills agenda:** The need to better integrate business support with skills is becoming increasingly recognised amongst business support and skills practitioners and the inclusion of skills related priorities under Principle 5 suggests a desire on the part of BEIS to see greater integration.

3.26 These requirements will need to be met in an environment of continued constrained funding. The direct BEIS funding for GHs continues to be limited and piecemeal and delivery focused resources are also becoming constrained. The increasing emphasis on GH financial sustainability, BEIS recent focus on GH evaluation and monitoring (and recent GH ranking exercise) could suggest that post 2019 funding arrangements for BEIS could be performance related (in part or in whole).

3.27 GH's ability to lever in additional resources could become constrained in parallel as ESIF programmes wind down (although the Shared Prosperity Fund could fill some or all of the gap here). Chasing additional resources from ERDF (or its successor) will inevitably generate additional priorities in particular to deliver business support services, alongside being a gateway. Although a balance can be struck, the inevitable tensions between these two roles needs to be acknowledged and managed. If GHs start to look to generate revenue, it will draw them into more direct competition with commercial services and partners such as Chambers of Commerce. Offering an impartial gateway service is

particularly incompatible with a charging approach and would be likely be a victim of any move in this direction.

Summary and Implications for the Future

3.28 The Government has reaffirmed its commitment to GHs and is providing more guidance than it has done previously about the specific activities that GHs are expected to provide. This is helpful in some regards as it provides more clarity to help guide some of the major choices that GHs need to make in developing their models. Although BEIS have become more prescriptive about their requirements, their appetite to allocate greater levels of funding to GHs appears limited and in parallel, other sources of funding continue to be constrained.

3.29 The team at SCR, as in other LEP areas, will need to respond to some key challenges and make some very important choices about the future of the GH. In making decisions about the next steps for the GH, partners should consider the following

BEIS is becoming a lot more prescriptive about its requirements…

3.30 GH's have historically had a great deal of flexibility to operate in a way which best suits local conditions and priorities. Although, officially, this flexibility remains the recent guidance issued by BEIS is much more prescriptive and it is clear that BEIS expects GHs to:

- Make a light touch triage function available to all businesses and deliver this with a close eye on value for money (although how *value* is to be defined is unclear)
- Play a central role in identifying and engaging with high-impact potential businesses and helping / encouraging them to access support services already available
- Focus on co-ordination of support services and improving business access and take-up rather than setting up new support services.

…and this essentially dictates many GH functions

3.31 While the recent guidance from BEIS is not explicit in setting out a specific model, the requirements above dictate many of the activities that GHs should be delivering. In order to meet BEIS requirement / principles of funding in full, the SCR GH will need to include:

- **An open triage function**: this element is already within the GH model and is functioning effectively so the GH is well positioned in this regard. The emphasis on value for money in both the Industrial Strategy and BEIS recent principles of funding

paper should be noted here. It is not clear how this will be defined in future, but this may be indicative of an appetite on the part of BEIS for solutions to be as low cost as possible.

- **A mechanism to identify and engage with high growth potential businesses**: the SCR GH does not currently have an explicit mechanism to identify these businesses nor is there an agreement in place amongst stakeholders guiding how partners should work with them. When measured against BEIS requirement this is a very significant shortcoming in the current model.
- **Available resources to work with high growth potential businesses over the longer term:** BEIS are looking for GHs to focus on coordination and for any delivery activity to seek to broker linkages to existing services where they exist. That is, delivery activity here should look to identify and understand business needs, help guide and add value to the growth journey and also make referrals to specialist sources of support. The SCR GH currently has the resources in place (in the form of the BGSs and local authority teams in some areas) but the roles and responsibilities are not currently defined in a way which supports BEIS' agenda.

3.32 BEIS principles of funding paper is very clear in respect of the three elements above. What is less clear is how rigidly they will apply these principles to their assessment of GH models and what the consequences would be if a GH was to not conform with these principles. It seems likely that future allocations of funding could be contingent on how GHs measure up against the principles of funding and as such we would advise that partners carefully consider these requirements and reflect them in the future model. .

…so the GH's aims, objectives and model will need to change

3.33 The requirements suggest that key elements of the GH's objectives will need to change. Partners will need to agree between themselves the specific focus and wording of the updated statement of GH aims and objectives. And we would advise that this should be informed by and closely linked to the Inclusive Industrial Strategy, when this is published.

Recommendation 1: The current aims and objectives for the Growth Hub should be refreshed to provide greater focus and clarity on its primary role.

3.34 The updated statement of GH aims should ideally reflect the suggested focal points set out in Table 3.1. In order to provide a strong foundation for the future development of the GH, it is essential that partners reflect on the suggestions set out here and agree a shared

statement of objectives for the GH. As the objectives essentially dictate many of the functional elements of the GH model, this agreement should precede any further discussion in respect of changes to the model and delivery arrangements.

Table 3.1 Suggested Focus of GH Aims

Theme	Required to Meet BEIS Principles of Funding	Suggested to Reflect Good Practice and Improve Delivery
Gateway and Triage	Ensure all businesses in the SCR are able to access a light touch triage function to assist them to access relevant information, clarify support needs, identify and engage with appropriate providers.	Ensure that the triage function can provide referrals to all forms of business support including those not delivered or funded by the GH.
Needs Assessment		Ensure a minimum level of support and engagement is available to businesses with an appetite for growth to enable them to access basic diagnostic, advisory and action planning support to assist in their growth journey. Ensure consistency of experience in terms of process, quality and advisor expertise / experience across all of the CR's local authorities.
Priority Clients	Identify the businesses in the SCR which have potential to grow and create significant benefits for the City Region and support the implementation of the City Region's Economic Strategy	Ensure all aspects of operation are configured in a way which allows identification of businesses with particularly high growth potential.
Support for Priority Businesses	Provide capacity across the City Region to work with the highest priority businesses on a longer-term basis to help to guide and add value to their growth journey and coordinate access to support services.	
Marketing and Engagement	Implement a function to engage with SCR priority businesses	Promote each of the functional elements of the GH service using appropriate targeted marketing to the specific priority groups.
Co-ordination	Play an active role in shaping the landscape of business support both within and outside of the GH funded services.	Facilitate increase in availability of services (eg to fill specific gaps in the service offer for priority businesses) Maintain engagement with businesses in all priority groups Ensure that intelligence on support needs and activities is shared effectively amongst partners.

4. Refreshing the Growth Hub Model

4.1 This section outlines the considerations to be reflected as the Growth Hub (GH) partnership considers and seeks to agree the next steps for the SCR GH and sets out the review's recommendations for how partners should approach the next phase of the GH's development.

4.2 It draws upon the lessons which have emerged from the backwards-looking element of the review and the conclusions in Section 3 about changes required to the GHs aims and operations, namely the need to:

- operate a light touch triage function which is available to all businesses and deliver this with a close eye on value for money
- play a central role in identifying and engaging with high-impact potential businesses and helping / encouraging them to access support services already available
- delivery activity should be orientated around BEIS aspirations related to co-ordination of support services and improving business access and take-up.

4.3 We consider each of these separately, highlighting the important design choices that need to be made in translating updated GH aims into a coherent delivery model. In this section, we provide the rationale for the key study recommendations. We also reflect here on the process which should be followed in developing and agreeing the model.

The Process for Refreshing the GH Model

4.4 Following the individual stakeholder consultation which informed the backwards looking element of the review, the future facing analysis has been informed by two stakeholder events.

1: Facilitated Stakeholder Workshop

4.5 Regeneris facilitated a Growth Hub stakeholder workshop on 12th April 2018. The purpose of the workshop was to discuss and consider the findings of the first phase of the review and consider how best to reflect these in the next iteration of the GH. Attendees and a summary of the outcomes from this session are set out in Appendix G.

4.6 Regeneris facilitated a discussion to explore the aims and objectives of the Growth Hub and seek to build consensus about the functions that it should provide in the City Region's

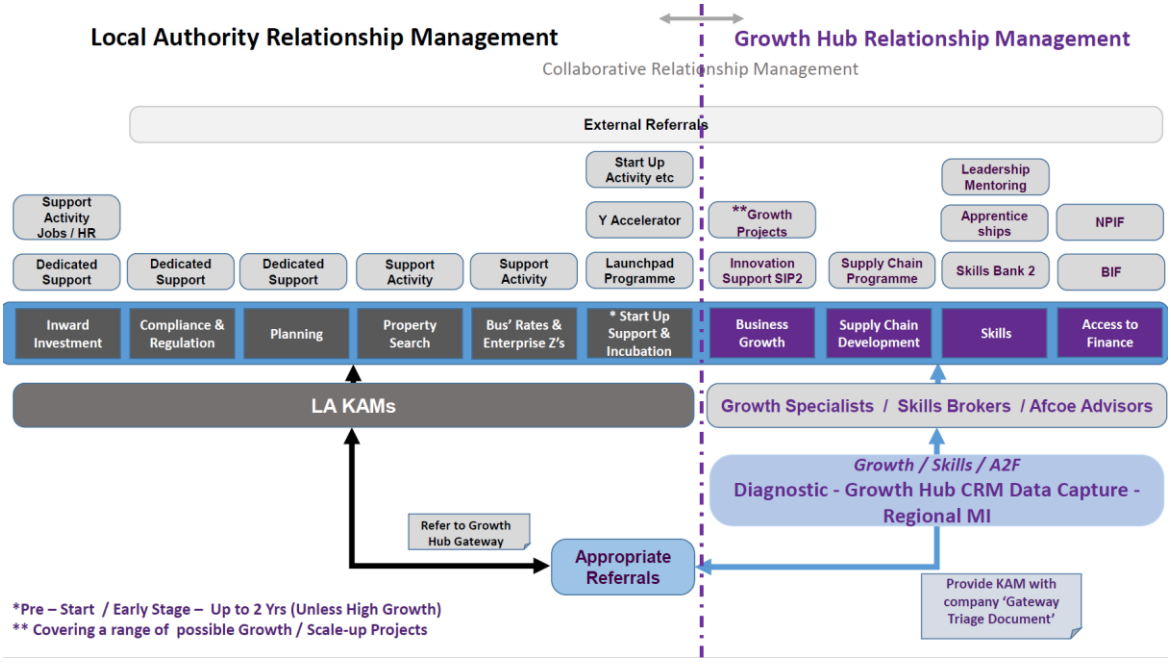
business support system. The discussion was structured to firstly focus on high level decisions about aims and objectives and broad functions that the GH should provide and secondly to explore the headline delivery approach and division of responsibility.

4.7 There was a greater level of debate in the discussion relating to the functions, delivery approach and division of responsibility than in relation to overall aims and objectives. A large portion of the group agreed that the focus of the central Growth Hub resource should be on providing access to specialist advisors to work with clients where a need for continued, more intensive or specialist support had been identified. A headline division of responsibility was discussed and although there was broad support for an outline division of responsibility (accepting that much of the detail would need to work developed and agreed) full consensus was not reached.

2: Additional Stakeholder Meeting

4.8 A second meeting was attended by stakeholders and representatives from SCR (Regeneris was not present). This built on the progress made in the previous workshop and resulted in partners reaching an agreement on the division of responsibilities outlined in Figure 4.1.

Figure 4.1 Division of Responsibilities Agreed at Stakeholder Meeting



Source: SCR

4.9 The agreed model focuses predominantly on the broad division of responsibility between Local Authority KAM teams and the GH Business Growth Specialists, Skills Brokers and

AFCoE advisors for different functions. Notably, it draws a clear distinction between the type of activities that the local authority and GH teams will work with businesses on. This clarity is helpful although we cannot comment on whether this provides an appropriate delivery model which is in line with BEIS requirements without understanding the overarching aims and objective for the GH.

Recommendation 2: Partners should develop and agree a comprehensive statement of aims and objectives of the GH before any changes are made to the delivery model or division of responsibility.

4.10 The review has found that the lack of consensus on the GH's objectives and raised expectations about delivery roles and responsibilities contributed to several of the challenges the GH has faced. There is a risk that the partnership could repeat previous mistakes if discussions about roles and responsibilities progress ahead of a formal agreement on the overall GH objectives. This could lead to:

- **Creation of expectations for practical delivery roles before the model has been agreed.** If the eventual agreed objectives give rise to a different set of arrangements, this may cause further tension within the partnership
- **Unresolved lack of consensus about strategic aspirations.** The partnership may not all share the same view on how business support should be organised in the city region so it may be difficult to reach a common view on the GH's objectives. If this is the case, the partnership must be explicit about compromises and agree these before delivery detail is agreed.
- **Unstable platform for development of delivery model**: it will be very difficult for the partnership to develop a coherent delivery model without an agreed set of objectives for the service, especially when it is clear that partners may not share the same perspectives.

4.11 The partnership should avoid any further conversations to agree practical responsibilities for delivery of different aspects of the model until an agreement on the GH objectives has been reached. This should take the form of a detailed statement of aims and objectives which covers:

- The overall role the GH is expected to play in the City Region's business support landscape and the specific outcomes it is seeking to achieve
- The functions that will be provided under the GH banner, going into detail about the specific outcomes being sought by each

- The specific characteristics of the target clients for each element of the GH including both objective and if relevant subjective characteristics.

4.12 This should be used to provide the basis for discussion about the optimal design for each GH function and to support the development of a consensus about how best to configure delivery responsibilities.

Recommendation 3: The agreed aims and objectives should be used as the foundation for a staged approach to changing the GH model.

4.13 Given the existence of a range of views on how best to configure the GH it may be pertinent to develop the model and build consensus through a staged approach whereby:

- Partners first reach an agreement on overall objectives
- Secondly, specify the headline functions implied by these objectives and agree the specific purpose and aims of each function
- Thirdly, identify appropriate features of supporting activities needed to enable the core functions (eg marketing, strategic relationship development ect)
- Finally, specify the requirements of delivery capacity for each function and seek agreement on roles and responsibilities for delivery.

4.14 A staged approach such as this may help to build consensus by providing greater clarity about the overall model and the purpose of each element of it. This should help to position the GH as a set of integrated functions which each have a clear rationale and set of linkages to others.

Recommendation 4: SCR should carefully consider how to build and maintain consensus and buy-in at all levels and ensure that both strategic and operational staff are effectively engaged and consulted.

4.15 The partnership should seek to build consensus around the aims and objectives at all levels (ie both strategic and operational). If the next steps for the GH are being agreed at the level of the Business Growth Executive Board, strategic staff should bear in mind that stakeholders with an operational GH focus have played a major role in this review and should be effectively engaged in the dissemination of decisions made. This is especially important bearing in mind the view amongst some stakeholders that they were not effectively engaged in the development of the GH model so far. This has two elements:

- How each authority represented on the BGEB internally disseminates decisions made to affected staff. This is naturally beyond the control of the SCR but is clearly an important mechanism for securing buy in to decisions
- How the GH Operational Board (GHOB) and those who will be responsible for managing the delivery of the GH are engaged in the process of change.

4.16 The success of the next iteration of the GH will depend heavily on the ability to develop a strong and coherent partnership around it at both a strategic and operational level. The GHOB as well as BGEB should be engaged in the development of the GH and given an opportunity to comment on, test and help refine plans as they emerge. This must be meaningful engagement which draws on the delivery expertise of this group and seeks to use this to improve and refine the strategic plans agreed by the BGEB.

Recommendation 5: Partners should prioritise incremental change and improvement rather than radical overhaul and consider all changes in the context of agreed GH objectives.

4.17 The conclusions of the review point to challenges and drivers for change being related to the aims and objectives of the GH and clarity around delivery roles and responsibilities than the organisational structures and delivery vehicles that underpin delivery.

4.18 It is appropriate for the partnership to consider whether setting up a new delivery structure or vehicle outside of the LEP would offer any specific funding or delivery advantages. But this should not be done until the GH objectives have been agreed. Importantly, this should be treated as a technical delivery detail, rather than a big picture strategic choice and any changes to current arrangements should be should be assessed based on whether they improve the GH's ability to meet its agreed objective.

Recommendation 6: SCR should provide strong strategic leadership to encourage all stakeholders to maintain a focus on shared priorities.

4.19 Discussions around the next steps for the GH will inevitably be challenging as the partnership needs to balance a range of priorities:

- provide an effective means to coordinate business support delivery and support improved business performance
- meet the requirements of the emerging national policy agenda
- position itself effectively for future funding to ensure sustainability and longevity

- achieve outcomes sought across the City Region as outlined in the forthcoming IIS
- support the achievement of local authority level plans and aspirations.

4.20 As with all collaborations it is important to be mindful that individual organisational agendas may play a role in discussions. This is understandable (especially in the current funding climate) but it is important to encourage all partners to focused equally on the shared City Regional priorities and outcomes. SCR will need to provide strong strategic leadership from a senior level of the team to confirm and maintain focus on shared priorities throughout discussions.

The Gateway Function

4.21 The GH currently operates a carefully designed and well-regarded gateway function. The balance that has been achieved between structure (to enable a light touch approach) and judgement (to ensure a quality business experience) is a key feature of the approach. We would not suggest any major changes to the overall approach and nor do we see a strong case for adjusting delivery arrangements. Nonetheless, it would be beneficial to create a better understanding of the purpose and function of the gateway and its overall role within the GH.

Recommendation 7: Partners should more clearly define the functions of the Gateway to ensure that its role and position within the GH model is clear.

4.22 From BEIS' perspective, the purpose and role of the gateway is clear. This should provide a function to help businesses identify sources of support and next steps and the service should be open to all. Although the SCR approach clearly meets (and in fact goes beyond) this basic requirement, it would be helpful to define the gateway's role within the overall GH structure and the specific outcomes it is seeking to achieve. This clarity will help to develop a shared understanding of how this gateway function interacts with other GH functions. And this, in turn, will help stakeholders to understand and measure its success and performance.

4.23 As currently designed, the gateway's triage function is seeking to provide:

- a starting point for any business that is confused / unclear about where to go for assistance
- a relatively light touch way to quickly and efficiently assess their support needs and identify the next steps; and

- a referral mechanism to direct businesses towards appropriate support providers.

4.24 While it provides an important entry point into the City Region's business support system for some businesses it is not seeking to be the *only* entry point. The gateway essentially functions as a safety-net to catch those businesses who are unsure of how to access support. A more explicit statement of objectives will help generate a shared view on:

- **Gateway Marketing:** How this positioning translates into the gateway's marketing and engagement approach has not been clearly stated. It is not clear, for example, whether partners see the gateway as a passive recipient of enquiries or a more active and engaged presence within the business support market place. It will be helpful to be more-clear about this for the next iteration of the GH so that implications for the gateway's role in marketing and engagement are clearly understood.
- **The Nature of Referral Activity:** the definition of the gateway as a light touch function means that it will inevitably need to refer to broad services which can more fully explore and assess needs (as it currently is doing). It is helpful to be explicit about this in communicating the role of the gateway to stakeholders (especially those outside of the immediate GH partnership). This will help to manage expectations about the volume of referrals which might be made to more specialist services from the gateway.

Recommendation 8: The central GH team should ensure that monitoring data collected reflects the full range of activities and outcomes the gateway is expected to achieve.

4.25 BEIS appear to have a strong focus on value for money in the gateway function but it is not clear if or how the might assess value for money or what role this could play in future funding decisions. Some of the monitoring and evaluation requirements for GHs suggest an appetite to undertake a counterfactual impact evaluation. Selected evaluation and VFM methodologies have a large influence on whether an assessment adequately captures project achievements and, given the breadth of the GH agenda and range of models operating nationally, there is a risk that a national evaluation might inadvertently capture the benefits of some models more effectively than others.

4.26 The monitoring and evaluation framework for GHs suggests a focus on activity (ie outputs and the number of businesses engaged). As SCR's gateway process is a little more intensive than others, it may not compare well in this regard (this would of course need to be tested). But irrespective of output performance, we might expect the SCR model to perform much more strongly against a value for money assessment aligned around *effectiveness*

(assuming that greater intensity leads to higher levels of satisfaction and more appropriate referrals).

4.27 With this in mind, the central GH team should consider now how to collect appropriate data to demonstrate the additional benefits (in terms of impact and effectiveness) that the SCR model offers. This may also provide useful information for engagement with stakeholders.

Priority Businesses

4.28 This is an area where the current GH aims and model will need some adjustment to meet requirements. There are various considerations here:

Recommendation 9: Partners should carefully develop and agree a framework to select priority businesses for support.

4.29 Priority businesses are loosely defined as those which offer the greatest potential to create impact and economic benefits. Partners will need to agree what this group could look like in practice and, importantly, how narrowly priority will be defined. This is a fundamental decision which will affect both the amount and nature of activity which takes place within different GH functions.

4.30 It is widely accepted that objective business characteristics such as business size or sector have limited use in identifying businesses with growth potential. Data analysis can highlight high performing sectors and markets and provide some indication of where to look, but it is often the specific characteristics of individual businesses (including their business plans, level of ambition, competence of management team etc) which determines how much potential a business may have. This has a number of general implications:

- While it might be possible to identify some objective characteristics (eg based on past turnover growth) the final decision about a business's priority status will inevitably need to be based on more subjective judgements.
- To help guide and manage this process, partners will need to agree as a group how the priority should be defined. In developing this agreement, it is important to reflect both on the growth potential of the business and the scope for the public sector to make a difference. That is, whether there are *additional benefits* associated with working with the business which would not be materialised in the absence of support.

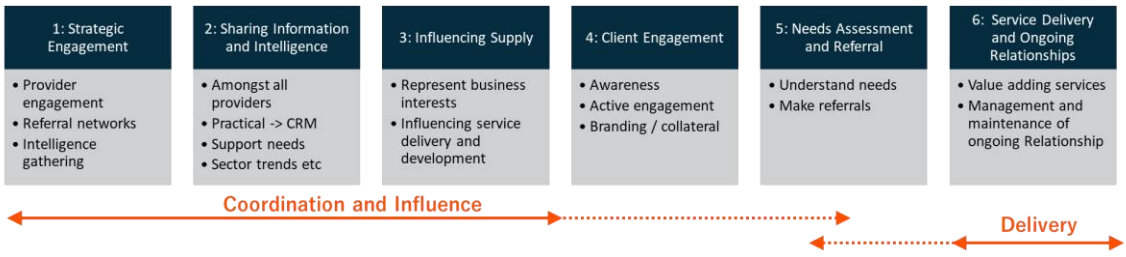
- A process needs to be embedded within the GH to ensure that the right businesses are being prioritised. Bearing in mind that priority businesses will receive a greater level of publicly funded assistance, the process should be clearly defined and transparent.

4.31 Once a broad agreement about the nature and number of priority clients has been reached, partners will then need to translate this into a practical set of requirements which can guide the GH's prioritisation activity.

Recommendation 10: The new GH model should include greater emphasis on co-ordination activities, particularly those focused on identifying, engaging and developing long-term relationships with priority clients.

4.32 The overall range of possible functions that a GH could engage in as part of the business support landscape is summarised in **Error! Reference source not found.**. As outlined earlier, the current configuration of SCR's GH means that the centre of gravity is very much towards the right-hand side of the diagram. That is, activities are heavily orientated around delivery and there is less of a focus on co-ordination and influence.

Figure 4.2 GH Functions



Source: Regeneris Consulting

4.33 Considering this alongside BEIS emphasis on co-ordination points to a need to reconsider the GH's approach to co-ordination and influence, and in particular the role it plays in identifying and working with priority clients. BEIS expectations here are clear: they want GHs to play a role in identifying priority businesses and to work with these over the long term, focusing on brokering and referrals to specialist support where needed. This is a major shift of emphasis for the GH and one that needs to be carefully considered in designing the model.

Recommendation 11: The GH model should be built around the functions needed to identify and build long-term relationships with priority businesses.

4.34 As a general principle, the size and characteristics of the priority group will influence the activities needed to identify and engage them. It is likely that the GH team will need to *understand a* business in order to make a judgement about its level of priority so it follows that some advisor capacity will be needed here. The Growth Hub needs to offer a light touch gateway service to all business and a more intensive service to priority clients. In practice this means ideally the gateway should provide three levels of activity

- **Information** For All: a light touch information only service with a quick growth potential assessment.
- **Diagnostics** for Potential Priority Growth Business: assessing the needs of businesses with growth potential and referring to appropriate services
- **Growth Journey Assistance** for Actual Priority Growth Business: long term follow-on support to proven priority clients (resources permitting).

4.35 **Error! Reference source not found.** and Figure 4.2 outline the scope for these three strands in more detail.

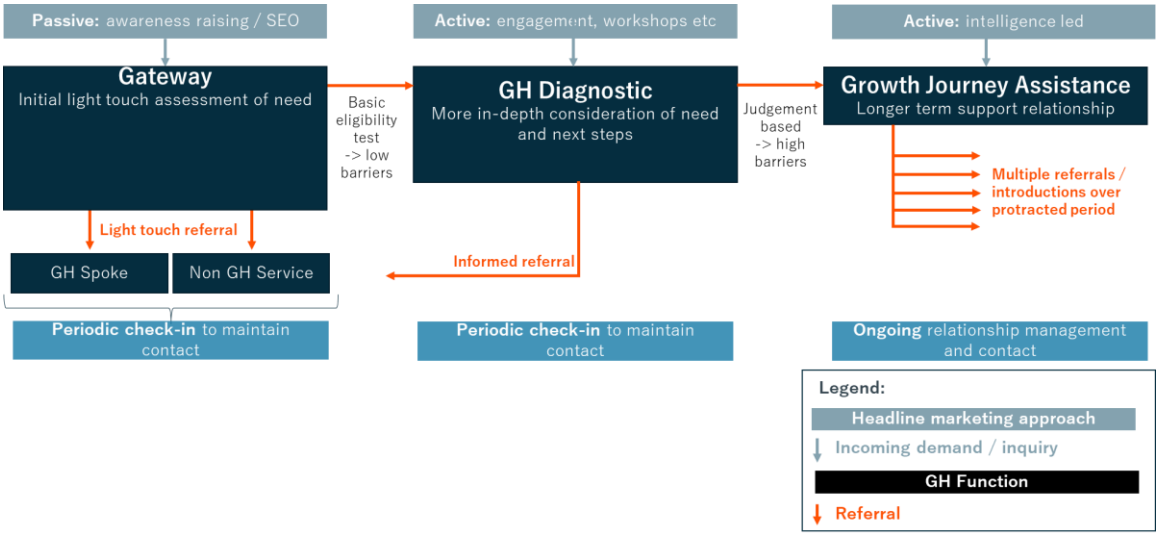
Table 4.1 Suggested Functions for the SCR GH Gateway

Function	Overview	Client Characteristics / Notes on Targeting
Information	Primary purpose: • Initial identification of business needs • light touch signposting where possible Secondary benefit: • Identify business where case for more in-depth assessment / analysis is clear • Refer to Growth Hub Diagnostic	**High volume, non-selective** • Open to all businesses • No selection processes in place
Diagnostic	Primary purpose: • More in-depth needs assessment (eg 2/3 consultancy days) • Create greater understanding business and support needs, develop action plan and more qualified / informed referrals. Secondary benefit: • Mechanism to identify potential demand for Growth Journey Assistance	**Medium volume, semi-selective** • Gateway not compulsory • Light touch selection criteria but low barriers • Eg based on stated growth aspiration, existence of specific business problem
Growth Journey Assistance	Primary purpose: • Maintenance of long term relationships with priority businesses to guide /support growth • Facilitation role, not direct delivery.	**Low volume, highly selective** • Selection based on agreed characteristics and criteria • GH diagnostic not compulsory but would expect to see flow through.

4.36 The Gateway and GH Diagnostic suggested in the model in **Error! Reference source not found.** are not practically very different from current GH activities. However, the shift in emphasis is important:

- the functions above imply an **explicit mechanism** to target more intensive and longer-term relationship development towards priority clients
- the focus throughout is on **identifying and understanding business needs** and making referrals to appropriate services
- the difference between the levels of support is the intensity of the needs assessment and referral process.

Figure 4.3 Suggested GH Model



Source: Regeneris Consulting

4.37 The more intensive Growth Journey Assistance role would provide long-term relationship management in which an advisor helps to guide proven priority businesses to appropriate support (in the public and private sector) and works with them as they implement their growth plans. This is value added delivery activity in its own right although should be looked upon as separate from delivery of transactional business support assists or consulting projects.

4.38 This would involve a significant change in emphasis for the GH and likely require additional capacity and resources. It will be necessary to ensure that KPIs and incentives are appropriately configured to encourage the right type of outcomes (ie referrals and longevity or relationship).

Recommendation 12: The SCR should ensure that systems and processes for targeting and prioritisation are robust and transparent

4.39 Although it will be helpful to define, as far as possible, the characteristics of priority businesses it is important to acknowledge that there will be a strong element of subjective judgement here. The **GH team should ensure that there is a strong process in place to ensure consistency and transparency around decision making**. This may, for example, require involvement from the GH Operational Board (eg to review and sign off decisions or around priority businesses).

Coordination and Strategic Leadership

Recommendation 13: Partners should agree ways in which the GH central team can enable and support a more collaborative approach to business support delivery in the City Region.

4.40 Implicit within the model outlined above is a shift in the overall emphasis of GH activities towards coordination, identification and relationship development work with priority businesses and referral to other sources of support. Partners should consider carefully the role that the central GH team, under the guidance of the SCR Commissioning Directorate could play in enabling this shift.

4.41 Partners would need to agree the form that this role would take, but we might expect to see a greater emphasis on delivery of supporting functions across the City Region to enable delivery of the model overall. This could include, for example:

- **Advising on standards**: for recruitment of advisors (level of experience etc) and monitoring activity against objectives for different elements of the service. Particularly KPIs for advisors etc.
- **Delivering supporting functions**: cross city region workshop programmes, development of marketing collateral, sharing information on best practice etc.
- **Developing closer strategic relationships:** identifying and working with higher priority businesses requires lots of engagement and intelligence gathering from a wide range of stakeholders. Here, the breadth of strategic relationships and strength of the GH's working relationships with those outside of the partnership is a source of strength. The central GH team may be able to do invest their time in developing and optimising these relationships.

Recommendation 14: The nature of the role that the central GH team can play within the SCR's wider efforts to influence business support provision should be clarified and activities configured to support this role

4.42 The central GH team will have a unique oversight position within the delivery of business support in the City Region and will be able to collate all partners substantial insights into business needs and supply conditions. This insight should be harnessed by the SCR and used to inform their own role in influencing the City Region's investments into business support. Any new public sector backed services should be fully backed up by clear evidence of need and market failure and the central GH team should be well positioned to add value to decision making here.

4.43 It is important to note however that, in order to be effective in this role the central GH team must be perceived to be objective and impartial. This will be difficult to achieve if the GH overall is perceived by external stakeholders to be focused predominantly on delivering their own services and referring to those within the GH partnership. While many of the GH's functions will still involve delivering business support (eg the GH Diagnostic) the shift in emphasis and the enhanced focus on referral is very important here.

Recommendation 15: The central GH team should prioritise business support service co-ordination activity

4.44 Strengthening the GH's wider co-ordination function and ability to influence wider business support delivery in the CR will be essential to respond to BEIS requirements around coordination. The GH team must ensure that they have adequate time and resources to prioritise strategic and co-ordination activity including:

- development and maintenance of referral networks, including work to overcome barriers to referral between organisations (at strategic and operational levels)
- leadership in the implementation of the tiered approach above, particularly stakeholder and partnership management
- disseminating intelligence eg on business support needs, sector trends good practice etc amongst providers of business support within and outside of the GH.

4.45 The partnership needs to agree a set of shared challenges and priorities which can be used as the basis of this role.

Division of Responsibility

Recommendation 16: The GH model should be positioned as an enabler of a consistent model across the City Region

4.46 The GH model should be configured in a way which ensures that the GH central team, along with the SCR Commissioning Directorate can facilitate the overall approach. The detail of this role would depend on the final agreement reached between partners about specifics of the model but this could include:

- Facilitating a shared agreement on what this minimum delivery capacity should be
- Exploring how existing local capacity can be deployed to service this requirement
- Identifying areas where additional capacity needs to be put in place to raise all LA areas to the minimum level
- Drawing on GH resources to plug gaps in the baseline support offer
- Provide services to facilitate the delivery of a coherent and consistent offer collaboratively across the CR.

4.47 This would see the GH take on an enabling role whereby it facilitates partners' reaching an agreement on key foundations of the city-region wide business support approach and provides capacity to enable this.

Recommendation 17: Partners should agree the division of responsibility for delivering GH functions with reference to the agreed GH objectives

4.48 The recommendations above suggest:

- firstly seeking an agreement on the GH objectives and key functional elements of the model needed to meet these
- consider how best to deliver the range of functions whilst meeting GH objectives and which organisations have the appropriate capacity and capability to deliver these effectively.

4.49 These two points are mutually supporting: the benefits and drawbacks of different configurations of resources and capacity cannot be understood without a clear agreement around overall objectives. Based on our understanding of priorities within the SCR and for the GH agenda more widely, we recommend that partners should prioritise ensuring equality of access and consistency across the City Region in making delivery decisions.

Table 4.2 Options for Implementation

Option	Overview	Considerations
1: GH Funds Basic Level of Provision	• GH funds and manages delivery of a basic level of service at all levels across the CR • LAs can boost locally with own supply	• Offers scope for GH to influence overall supply whilst maintaining LA choice in their delivery involvement • Unclear whether GH funded core provision at all levels is affordable. • May achieve consistency but could be at low volumes
2: Use LA Advisor Capacity in First Instance	• Agree minimum level of provision to be delivered across the CR at all three levels • Deploy local advisors (where available) in first instance and use GH capacity to top-up	• Could be more affordable for GH • Willingness of all LAs to dedicate capacity to GH in this way would need to be tested • Less scope for GH to influence overall supply – relies on goodwill.
3: Functional Distinction	• Allocate responsibility to deliver Diagnostic to local authority teams • GH to provide more specialist capacity to deliver longer term relationship based support	• Greatest risk of uneven supply across the CR • May represent a backwards step in terms of equality of access • Could encounter barriers to handover and may lead to disjointed experience for clients.
4: GH Act as Commissioner	• GH commissions and manages all supply as sub-contractors for GH Diagnostic and Growth Journey Support	• Offers greatest scope for GH to influence nature and quantity of activity • Clear choice for LAs on whether and how to participate • Risk of non-provision in some areas if no bidders are received • Positions GH as core funder so may be unaffordable

4.50 The relative desirability and feasibility of these depends on many practical factors (such as affordability and acceptability to all GH partners). If sufficient central funding was available, Option 1 may be preferable although it is not clear whether this is the case. With this in mind, Option 2 might emerge as the most suitable. A full and costed options appraisal once the detail of the services are agreed might help to reach a decision here. This would need to be completed for most funding streams in any case but could be used effectively here to guide decision making about delivery.

Recommendation 18: The model and approach should enable local authorities to add to local delivery capacity

4.51 Where this appetite exists, the GH model should enable LAs to boost the level of delivery capacity available locally. Any additional capacity over and above the baseline would need to be delivered in line with agreed approaches and co-ordinated under the GH banner. That is, a business should not be able to distinguish this capacity from that which is provided by the core GH offer.

4.52 This local enhancement would need to be approached flexibly to take account of the different local authority circumstances. Options could include:

- **Buy-in**: as contract management infrastructure exists centrally, it might be preferable for some LAs to opt in to an enhanced service.
- **Deploy own resource**: where existing business support capacity exists, LAs may with to redeploy these staff to core GH services to enhance local delivery capacity.

Recommendation 19: All partners should ensure that any agreements on who should own business relationships do not remove choice or flexibility from the business

4.53 One of the factors that will inevitably play into this is the question of who should maintain the ongoing relationship with businesses. In fact, ownership of the business relationship has been a consistent theme throughout the review. Any adjusted GH model should be explicit about this and – importantly – should place what is logical and convenient for the business at the centre of this decision

4.54 The trust and rapport which develops between advisor and business is frequently highlighted as a key enabling commodity in business support relationships. So, it follows logically that 'ownership' of the relationship should map onto the overall referral route and that business current relationship (ie with the advisor at the level that most recently assisted them) should take precedence.

4.55 It is important that the partnership reaches an explicit agreement about what this means in practice and ensure that whatever agreement is reached does not stand in the way of business choice. A sensible approach within the suggested model would be to define ownership of the relationship as responsibility for re-contacting the client to explore next steps and keeping the relationship active. But this should not prevent the business from accessing support elsewhere, and nor should it stand in the way of the business developing or maintaining relationships with others.

Recommendation 20: The SCR and central GH team should ensure that the right incentives and KPIs are in place to guide delivery against the GH's objectives

4.56 The structured approach to developing and agreeing objectives should help to ensure that there is a shared view on what success will look like. As part of the process of agreeing objectives and developing the detail of the updated delivery model, partners should consider:

- How best to measure progress against objectives to keep delivery on track and what information needs to be reported to the wider group to capture both the value (impact) and the quantity of delivery (outputs)
- How KPIs for individual components of the GH can be configured to ensure that each delivery elements remains focused on its strategic objectives and not being diverted away from core objectives by pressure to meet targets (for example). The ability to demonstrate effectiveness and impact, as well as outputs could be particularly helpful if BEIS current focus on value for money continues.

4.57 The GH team should carefully monitor performance and communicate this amongst the partnership (and wider stakeholders).

5. Conclusions and Recommendations

5.1 This section draws together the analysis presented in the review to provide a summary of the important conclusions and recommendations that partners should reflect on in developing the SCR Growth Hub (GH) model.

Overall Conclusions

The GH is meeting targets but may not be meeting expectations

5.2 The lack of consensus around the SCR GH's model and objectives and the variety of views about how well the GH is performing are important themes in the review. Stakeholders report various expectations about what the GH was set up to achieve and its role in the City Region's business support landscape. These expectations are not always consistent with the objectives of the GH as outlined in the LGF business case.

5.3 This lack of clarity makes it challenging to assess how the GH is performing against its objectives. It is certainly positive that the GH is meeting most of its BEIS and LGF targets but many stakeholders have concerns that the GH is not currently performing the correct array of strategic functions. There is a risk that the significant progress made is lost amongst stakeholders' perceptions about the appropriateness of the GH's activities and functions.

5.4 This is indicative of a significant challenge within the GH partnership: there is a long-standing lack of consensus about what the GH's objectives should be, how it should seek to achieve them and the respective delivery roles of partners.

The back-story to the GH's development is not always coherent

5.5 It is difficult to identify a coherent narrative amongst the breadth of stakeholder perspectives on the GH's development and operation. There are differences of opinion about some aspects of the GH's development and the appropriateness of the actions and behaviours of various stakeholders. In addition, there are some wider difficulties and strained relationships within the partnership which seem to be leading to ongoing sensitivity about how and why the GH has developed as it has.

5.6 The review has not sought to draw conclusions about the validity and factual basis of the various perceptions offered. It has instead sought to identify the factors that have influenced stakeholder views, considered how these have affected the GH's development,

operation and performance and identified the lessons which need to be factored into the next iteration of the GH to avoid similar difficulties in future.

Many aspects of the GH are working well

5.7 The GH's journey so far has undoubtedly been difficult and there is clear acknowledgement amongst partners that lessons can be taken from the last few years. It is important to recognise that many elements of the GH are performing well and to acknowledge the team's significant progress and achievements. In particular:

- **The GH is delivering against funder requirements**: the core GH team made rapid progress to develop and implement important GH structures and processes and get activities up and running. The core GH team have been pragmatic in implementing necessary actions to ensure the GH performs against targets. This has been difficult in the challenging partnership environment and while the team's outcome-focused approach could have exacerbated existing tensions in the partnership, it has also been instrumental in ensuring that the GH does not develop a reputation for non-delivery.
- **The GH has met objectives around equality of access**: this was an important theme in the original aspiration underpinning the GH. The City Region wide offer provided by the Gateway, BGSs (BGS) and Access to Finance Centre of Expertise (AFCoE) Advisors means that there is now a consistent minimum level of provision across SCR. Some LAs are offering enhanced services in their areas so the overall offer is not wholly consistent across the city region but the implementation of a baseline level of service is still a major step forward.
- **The GH is delivering a well-regarded triage function**: the GH's gateway function has been roundly praised by stakeholders and clients. The GH team appear to have achieved an appropriate balance between structure and judgement in the design of the gateway process and are delivering a function which provides a light touch, useful and necessary gateway to support services which is viewed by key stakeholders to have achieved the right balance.
- **The GH is starting to develop longer term relationships:** although the gateway approach is relatively light touch, it does not appear to be generating solely transactional relationships with enquiring businesses. Some businesses receive more than one referral and come back for repeat assistance and guidance. This reflects

well on the quality and usefulness of the gateway offer and the team's efforts to actively re-engage businesses post-referral.

- **High levels of satisfaction:** the level of satisfaction reported by GH clients is notably high at 98% and 99% in 2017 and 2018 respectively. This could partly reflect the nature of the survey approach adopted but it is not out of step with wider stakeholder perceptions.
- These highlights and achievements provide an important foundation for the GH's future. While there may be a case for change in some aspects of the model, there is also a strong platform on which to build and some real achievements which should be recognised.

But there is scope for improvement in some areas

5.8 While there have been lots of successes, the review has highlighted a number of areas of weakness within the current GH model and operation:

- **The GH's referral network could be much broader:** although the GH refers beneficiaries to a wide range of destinations, the majority of its referrals are made to services delivered or funded by the GH. This, in part reflects the nature of these services and design of the triage function. These services are mostly broadly focused and suitable for clients with a variety of needs and so represent a logical next step for more in-depth analysis following an initial light touch triage. Nonetheless, partners should be aware that this pattern of referral could lead to a perception that the GH exists primarily to direct businesses to its own services. If this perception takes hold it could dampen referrals into the gateway from external organisations or lead to reduced enquiries from businesses if they GH does not develop a reputation for providing full coverage of the business support marketplace.
- **The GH needs to focus more on coordination and less on delivery**. The GH has some very stretching output targets to achieve for its gateway function and reflecting its role in delivering the EP. Faced with volume targets, focus has naturally shifted to delivery and while this was the right thing to do given the circumstances, it is important to acknowledge that this has come at the expense of some important strategic engagement and coordination activity. The GH is not currently doing enough of this and this could further heighten the risk that the GH is perceived to be about delivery rather than wider coordination of business support activities.

- **Functional overlaps within the partnership are not in business interests**: the overlapping roles and functions of the GH's BGSs and local authority advisors and the resultant tensions have not been desirable. The KAM lists did not provide the effective work-around that they were expected to and are, in some areas, removing choice from businesses about which organisation they can work with. This is not in the best interests of businesses or the partnerships wider development.
- **There is no clear process for managing ongoing relationships with businesses.** No agreement seems to have been reached across the partnership on how best to approach the ongoing management of relationships with businesses. In the absence of a clear and agreed process here, various risks emerge. One the one hand, the lack of incentive to maintain post support relationships could mean that this activity does not happen systematically. On the other, it could lead to lack of co-ordination and duplicated efforts by partners to maintain ongoing relationships. Either way, this is undesirable not least as the lack of clear focus on ongoing and longer-term relationships could play into external perceptions that the GH is about delivering transactional packages of business support, rather than developing long term relationships.
- **The offer is not sufficiently targeted**: there is no explicit mechanism within the current GH approach to target additional support towards priority businesses. The GH clearly needs a broad and inclusive engagement and gateway offer but it is not currently clear how the more intensive aspects of the GH's delivery offer are targeted towards businesses with greater impact potential.
- **It is not clear how well focused activities around awareness raising are:** some partners are concerned about low levels of awareness of the GH amongst the City Region's business base and the effectiveness of approaches which have been taken to marketing the GH to date. As with other aspects of the GH's operation, there seems to be a lack of consensus about who the GH's target clients are and how they should be approached and engaged.

GH aims and model will need to change to meet BEIS' requirements

5.9 The backwards looking element of the review has highlighted a number of aspects of the GH's design and delivery where there is scope for improvement. These point to a need to consider adjusting the GH's aims and objectives and reconsidering its delivery model.

Alongside this, the future-facing policy analysis has highlighted some significant changes in BEIS requirements of GHs which further underline the case for change.

5.10 BIES has become much more prescriptive in its requirements of GHs and it is now clear that:

- GH's need to continue to operate a light touch triage function which is open to all
- BEIS continue to emphasise value for money in the delivery of the open to all elements of the GH agenda
- GH's are expected to play a role in identifying and engaging with high impact potential business and helping / encouraging them to access support services
- BEIS are looking for the emphasis of GH activity to be on co-ordination and access rather than direct delivery of support services

5.11 The GH is well positioned in respect of the first two themes but there is a need for some significant adjustment to meet the requirements around co-ordination and access and targeting high impact potential businesses. These requirements will, to all intents and purposes, dictate many of the next steps for the SCR GH. Irrespective of stakeholders' preferences for how the GH should develop, it is important to acknowledge that changes to the GH aims and delivery model will be needed to meet these requirements.

Lessons which have emerged from the experience to date will be valuable in making these changes

5.12 The review has identified some clear lessons that the GH partnership should consider carefully in identifying the next steps for the SCR GH. These are:

- **Lesson 1: Buy in and Consensus are Essential**. The lack of consensus around the original GH model did not provide a strong foundation for its development and this lack of buy-in persists. This is making it difficult to develop a truly collaborative and partnership-based approach.
- **Lesson 2: Expectations Must be Carefully Managed.** The story of raised expectations and subsequent disappointment which has influenced so much of the GH's development needs to be avoided in future. With this in mind, it is important to recognise the potential influence of funding streams on ability to deliver against strategic expectations. The next iteration of the GH will need to be developed with one eye on what can practically be achieved in the current policy and funding climate. And this should be a key theme in discussions with external stakeholders.

- **Lesson 3: Continued Engagement Helps to Maintain Buy-in**. More effective, partner engagement at all levels throughout the development of the GH might have allowed partners to work though areas of disagreement and build consensus as the model evolved. As a minimum, this would have helped maintain a sense of ownership and influence amongst partners and avoided the perception that the GH was being done to stakeholders, rather than with them.
- **Lesson 4: It is difficult to deliver and coordinate**. It is important to acknowledge that it is very difficult to be perceived as an objective broker and strategic coordinator of support when involved in the delivery of support services. This is a common challenge for GH's (given the delivery focus of most of the funding streams available to them). Careful consideration is needed when designing the next iteration of the GH to ensure that the objectivity and additionality of GH activities are not called into question.
- **Lesson 5: Overlapping Functions Create Space for Conflict.** The overlapping functions between the BGSs and some LA teams have been very difficult to manage and has led to a situation where the division of responsibility is defined in terms of who leads the ongoing relationships with each individual customer. Managing this has been distracting, resource intensive, detrimental to the partnership and the ability of the GH to develop strategic influence.
- **Lesson 6: The perfect system may not exist:** It is understandable to look for an optimal system which will ensure that the pathway for businesses is clear and that no businesses slip through the cracks. Given the complexity of the landscape and variety of organisational priorities it is very difficult to design / engineer an optimal system which works for both business and provider. In practice, the optimal approach will need to be flexible and coordinated, rather than absolute. The flexibility needed to effectively coordinate business support services is enabled by positive working relationships and trust between providers. This means that all partners need to try to move beyond the difficulties and differences experienced so far and start to develop more positive working relationships. An honest assessment of the feasibility of this and identification of supporting activities which might help is needed.

Recommendations

5.13 The previous section has set out the rationale for a series of recommendations for the partnership to consider. These and the suggested changes to the GH model are summarised below.

The Process

5.14 The recommendations in this section focus specifically on the process by which partners and the SCR should approach the development of the GH model.

- **Recommendation 1:** The current aims and objectives for the Growth Hub should be refreshed to provide greater focus and clarity on its primary role.
- **Recommendation 2:** Partners should develop and agree a comprehensive statement of aims and objectives for the GH before any changes are made to the delivery model or division of responsibility.
- **Recommendation 3**: The agreed aims and objectives should be used as the foundation for a staged approach to changing the GH model.
- **Recommendation 4:** SCR should carefully consider how to build and maintain consensus and buy-in at all levels and ensure that both strategic and operational staff are effectively engaged and consulted.
- **Recommendation 5:** Partners should prioritise incremental change and improvement rather than radical overhaul and consider all changes in the context of agreed GH objectives.
- **Recommendation 6:** SCR should provide strong strategic leadership to encourage all stakeholders to maintain a focus on shared priorities.

The Model and Approach:

5.15 Recommendations in this section focus on the principles which should underpin the adjusted GH model. The key underpinning assumption to many of these objectives is that partners will agree a range of aims and objectives for the GH which are in line with the requirements and priorities for GHs as set out in BEIS Principles of Funding Paper.

- **Recommendation 7:** Partners should more clearly define the functions of the Gateway to ensure that its role and position within the GH model is clear.

- **Recommendation 8:** The central GH team should ensure that monitoring data collected reflects the full range of activities and outcomes the gateway is expected to achieve.
- **Recommendation 9:** Partners should carefully develop and agree a framework to select priority businesses for support.
- **Recommendation 10:** The new GH model should include greater emphasis on co-ordination activities, particularly those focused on identifying, engaging and developing long-term relationships with priority clients.
- **Recommendation 11:** The GH model should be built around the functions needed to identify and build long-term relationships with priority businesses.
- **Recommendation 12:** The SCR should ensure that systems and processes for targeting and prioritisation are robust and transparent.
- **Recommendation 13**: Partners should agree ways in which the GH central team can enable and support a more collaborative approach to business support delivery in the City Region.
- **Recommendation 14:** The nature of the role that the central GH team can play within the SCR's wider efforts to shape and influence business support provision should be clarified and activities configured to support this role.

  Recommendation 15: The central GH team should prioritise strategic co-ordination activity.

Division of Delivery Responsibility

5.16 The final set of recommendations focus on the options and approaches for agreeing the division of delivery responsibility amongst partners.

- **Recommendation 16:** The GH model should be positioned as an enabler of a consistent model across the City Region.
- **Recommendation 17:** Partners should agree the division of responsibility for delivering GH functions with reference to the agreed GH objectives.
- **Recommendation 18:** The model and approach should enable local authorities to add to local delivery capacity.

- **Recommendation 19:** All partners should ensure that any agreements on who should own business relationships do not remove choice or flexibility from the business.
- **Recommendation 20**: The SCR and central GH team should ensure that the right incentives and KPIs are in place to guide delivery against the GH's objectives.

An Immediate Way Forward

5.17 Taking the recommendations and lessons in the round, there remain a series of important, detailed and strategic decisions that partners in the Sheffield City Region need to tackle in order to take the Growth Hub forward. In this section Regeneris sets out our view on a way forward for the Growth Hub which reflects the evidence from the review. Partners need to review the proposals, forge agreement on their preferred way forward and develop a detailed operational plan for the coming years.

5.18 It is important to set the proposals for the way forward in context; the Hub is working well, and it is delivering a significant volume of support which is well received by clients. It has also established a solid base of working relationships with other agencies who value its contribution. The basic structure is fit for purpose and we do not propose any significant restructuring of the Growth Hub's structure and role.

5.19 The proposals are intended to sharpen up the focus of what the Growth Hub is doing and to clarify its role in the wider content of economic growth plans for the city region and the partner agencies involved in economic development.

5.20 In the midst of the lessons generated and the recommendations set out above, there are seven critical things the Growth Hub needs to address in the next phase of its existence:

1) **Maintain focus on business needs and efficient delivery**: the Hub needs to progressively keep building its growing reputation for delivering valued support which meets business's needs. Successfully delivering the core day to day job is the best route to ensuring the Hub secures wider influence among partners.

2) **Affirm Realistic Ambitions & Shared Objectives**: the Hub needs to set out a very clear set of ambitions and objectives which can be readily explained and easily measured. This will help the wider partnership deepen their buy-in and being further clarity to the Growth Hub's role and the achievements partners can expect it to secure.

3) **Maintain Delivery & Co-ordinating Functions**: despite the challenge of being both an honest broker among competing business support offers and delivering support to clients itself, there is strong commitment in SCR for the Growth Hub to continue to deliver services to priority clients.

4) **Reduce Duplication Steadily**: while it is commendable to reduce waste and to strive for efficiency improvements across the business support network, this has to be done against a recognition that there are diminishing returns generated from effort to streamline arrangements. The Growth Hub and its partners in the business support arena should recognise that this is a market-place and there will inevitably be a degree of overlap between the offer from different providers and a degree of competition in terms of chasing clients. Although clients do want a simple to access and easy to navigate business support landscape, this needs to be balanced against the important job of simply getting on with delivering value-adding support which helps business grow.

5) **Boost Awareness & Penetration**: although the business support market is massive, and the Hub can only hope to ever penetrate a portion of the market (starting with priority clients and progressively working out) the Growth Hub should continue to build its reputation as an access point for business support services.

6) **Clearer Market Targeting & Segmentation**: the Growth Hub should also concentrate its limited resources on those businesses which can generate the biggest positive benefit for the SCR economy. The Growth Hub should aim to be clearer with partners about the focus of its support and configure it marketing and services to best align with the needs of those clients.

7) **Build Referral Flow With Network**: although the Growth Hub should expect to secure a significant number of its clients through its own marketing and outreach efforts, it should also aim to expand and diversify the flow of referrals into the Hub. This will help better establish good working relationships with other providers and help ensure businesses are offered a wider range of support. Boosting the flow will be easier to achieve if the Growth Hub looks also expands its own referrals out to other support providers.

8) **Better Use Of Intelligence On Client Experience**: although there is a significant amount of information generated on Hub delivery and client experience, the SCR would benefit from better intelligence, shared more widely on the support needs

and challenges facing local businesses, insights into the impact/effectiveness of different services and the network of suppliers and services operating across SCR.

5.21 To address the essential requirements, we propose a series of steps for the Growth Hub:

A) Model Objectives

5.22 The SCR Growth Hub should be the principal access point for:

- information for all business
- support for strategic growth-oriented businesses.

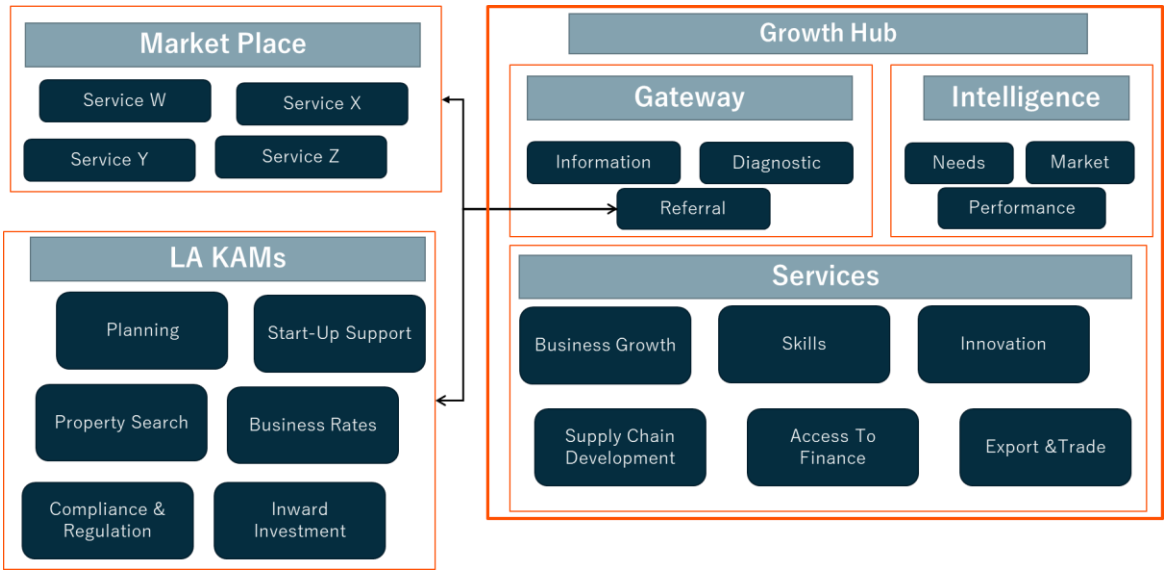
5.23 SCR Growth Hub should offer:

- Gateway Service for All
- Targeted Business Support Services for Strategic Growth-Oriented Businesses
- Intelligence on Support Needs & Market for Public Partners

B) Model Offer

5.24 The Growth Hub's three offers and the service which sit underneath them are set out below, along with an illustration of its positioning in the wider context.

Figure 5.1 Growth Hub Function and Context



Source: Regeneris Consulting

a) Gateway Services

5.25 The Growth Hub should provide an access point to all businesses operating from a base in SCR on a wide range of business support. This strand of the Hub's offer should have three elements:

- **Information To Businesses**: a light touch point of information for all businesses based in the SCR principally offered via telephone and web site.
- **Business Support Need Diagnostic**: a triage service to identify business growth needs and potential. This should be a two-tier service:
  - a quick light-touch assessment to determine the basic nature of the business and its eligibility/scope for more intensive assistance
  - and a more intensive diagnostic for higher priority businesses to help develop a package of assistance (drawing on Growth Hub services and wider offers).
- **Referrals**: helping businesses to access external support from local authority partners and the wider market-place.

5.26 NB Recommendation 11 proposes the introduction of Growth Journey service to maintain long term relationships with priority businesses. The GH should explore the resource implications of this and move towards that model as resources become available.

b) Information & Intelligence

5.27 The Growth Hub should perform an intelligence and co-ordinating function across the business support market-place in the SCR. Its intelligence offer should be aimed at:

- helping other providers understand gaps and opportunities for new support services
- better co-ordinating the offer of public sector business support agencies
- informing strategic partners on investment in new business support services and initiatives.

5.28 The three elements of this strand should be:

- **Business Needs**: collate and share analysis of the local business climate, the support needs of SMEs and the growth challenges/opportunities which the SCR economy needs to address.

- **Business Support Marketplace**: maintain a directory of support offers available to SCR businesses which can be used to help refer businesses to appropriate support, identify gaps in provision and agree better alignment and co-ordination among public sector business support providers.
- **Performance & Effectiveness**: report to stakeholders on how effectively the business support offer available to SCR businesses is performing and which services/agencies are most effectively helping businesses and the economy grow. Co-ordinate collaboration & referrals among suppliers.

c) Support Services

5.29 Although this review has not evaluated the impact of the different support services offered by the Growth Hub, it is clear that the current portfolio of support is valued by SMEs who use it and that partners are keen to see the Growth Hub continue to deliver assists of this nature. Over time the Growth Hub should use the insights generated by its information function (above) to refine its service offer to ensure it:

- genuinely complements what is available in the market-place
- is configured to meet the needs of priority businesses
- and generates good value for money in return for the public resources invested in it.

5.30 In the immediate term the Growth Hub should aim to continue offering services in the following areas:

- Business Growth
- Innovation
- Supply Chain Development
- Access to Finance
- Export & Trade
- Skills

5.31 NB Partners agreed during the course of the evaluation that primary responsibility for start-up support might best lie with local authorities. Regeneris has not developed any evidence or insight to comment on this proposal and would encourage the partnership to keep the matter under review as the body of insight on performance and impact is better established.

C) Model Priority Clients

5.32 The Growth Hub should establish a clear view on its priority clients for its intensive support offer. The Growth Hub should prioritise resources on Strategic Growth Oriented Businesses and the diagnostic offered by the Gateway should identify priority businesses. These should be businesses which meet the following criteria:

- **Trade in a SCR Priority Sector**: these are to be confirmed once the SCR Inclusive Industrial Strategy is agreed by partners.
- **Credible Growth Plan & Aspirations**: business must be able to set out an understanding of the markets they plan to expand into with a credible plan for their value proposition to prospective clients and demonstrate they have the skills and capacity to begin the journey to the next stage of their growth.
- **Trade Outside SCR**: a premium should be placed on clients that trade with customers based outside the Sheffield City Region and whose growth plan demonstrates how additional economic value will be drawn into the city-region as they expand their trading footprint.
- **Inclusive Growth Commitment**: businesses supported intensively should be able to demonstrate a commitment to:
  - support local employment through their recruitment practises aimed to help local people overcome barriers to work and have workplace flexibility/support to help people stay in work
  - a commitment to match and exceed the agreed benchmarks for:
    - school-age work placements
    - apprenticeships
    - and training hours among employees
  - support local environmental enhancement and wider CSR type activities that might improve the local area.
- and can **Demonstrably Benefit from Subsidised Support**: a test should be developed to assess whether clients:
  - can afford to pay for the support without subsidy
  - and show a clear route to growing their productivity by using one of the Growth Hubs services.

5.33 The Growth Hub should develop a marketing plan designed to attract Strategic Growth Oriented Businesses. Although it should continue to offer a service to all businesses, success will rely heavily on its ability to generate demand from this client group. A review of current marketing activity to assess the GH's success in attracting this type of client would be a helpful quick exercise. The Growth Hub should also review its engagement with existing events and networks where growth-oriented business representatives are likely to be engaged. This should include university, technology and higher value sector channels.

Moving On

5.34 This set of immediate priority proposals for the way forward should be considered by partners and implemented. Thereafter, partners should return to the wider set of 20 recommendations from the evaluation and identify any further steps needed to address the challenges identified in the evaluation.

Appendix A - Growth Hub Objectives

A.1 The table below provides a summary of the statements of objectives for the Sheffield City Region GH.

Table 5.1 Summary of GH Statement of Objective	
SCR Strategic Economic Plan, 2014	The first mention of the SCR GH in a formal strategic document for the City Region. The SEP does not formally identify objectives for the GH but states *'Our GH will be the City Region heart of our activity – a collective endeavour to deliver all that businesses need. Radically, this hub will focus on creating '**Growth Deals' with those firms that will deliver high growth and exports, which will provide the greatest impact on economic growth.** These businesses must represent the best that the SCR has to offer, irrespective of their size and which is as applicable to companies in urban areas as those in rural'* (SCR SEP, 2014 P2) The SEP identifies it as a central tool to achieve the strategic economic aspirations for the City Region and makes clear that the GH will be a collective endeavour. It outlines: • Aspiration to create Growth Deals with firms that will deliver high growth and exports. Plus, new-start growth deals. • Plans to provide planning advice, access to finance, innovation assistance etc. • Expectation that GH would be involved in inward investment and would provide wrap-around support for the Export Challenge.
Note to incoming Head of GH (2015)	This document is the formal output from the Task and Finish Group that were asked to take forward the design and development of the GH model. This paper goes further than the SEP in providing operational detail about the GH. It states clearly that the purpose of the GH is to **address latent demand for external advice and support which is deemed to be a barrier to the Growth of our SME base.** That is, the GH is positioned as being about stimulating demand for and encouraging access to business support services. The paper emphasises the following: • GH to be the (rather than a) place to go for public sector backed business support • GH is about centrally commissioned services delivered close to the customer, not a franchise model shaped by LA boundaries • Offer for all but intensity shaped by economic impact. Prioritisation to be achieved at the level of individual products, rather than in the triage function.
LGF Full Business Case September 2016	Aspiration to deliver the most ambitious, business-led GH in the country. This will include a **near-total removal of internal boundaries** within the City Region over the next 5 years, so that every growing business in the SCR gets the support it needs to thrive. Highlights a coordination role for the GH – aspiration to combine the best of local and national business support and thereby deliver real value for money by eliminating duplication and waste. Also, indicates a delivery focus with aspirations around delivery of specialist growth grant projects (300) and new start-ups (6,000), exporters (2,100) and leverage of £200m.
January 2016 Pilot Launch	Launch of pilot describes the function of the GH as providing a central point for business advice and support. Key focus here on consistency of support across the city region Focus here on high quality support, simplicity and ease of access. *Mission: To provide a **consistent regional SCR business support offer, delivering excellence and encompassing the best of what the region offers**. Driving high impact growth for the region with simplicity and ease at the point of the customer.*

Appendix B - Performance and Financial Data

B.1 This Appendix provides an overview of the analysis of the various datasets that comprise SCR monitoring data. This analysis was prepared to gain a deeper understanding of GH operation and progress to date. It draws upon datasets which cover:

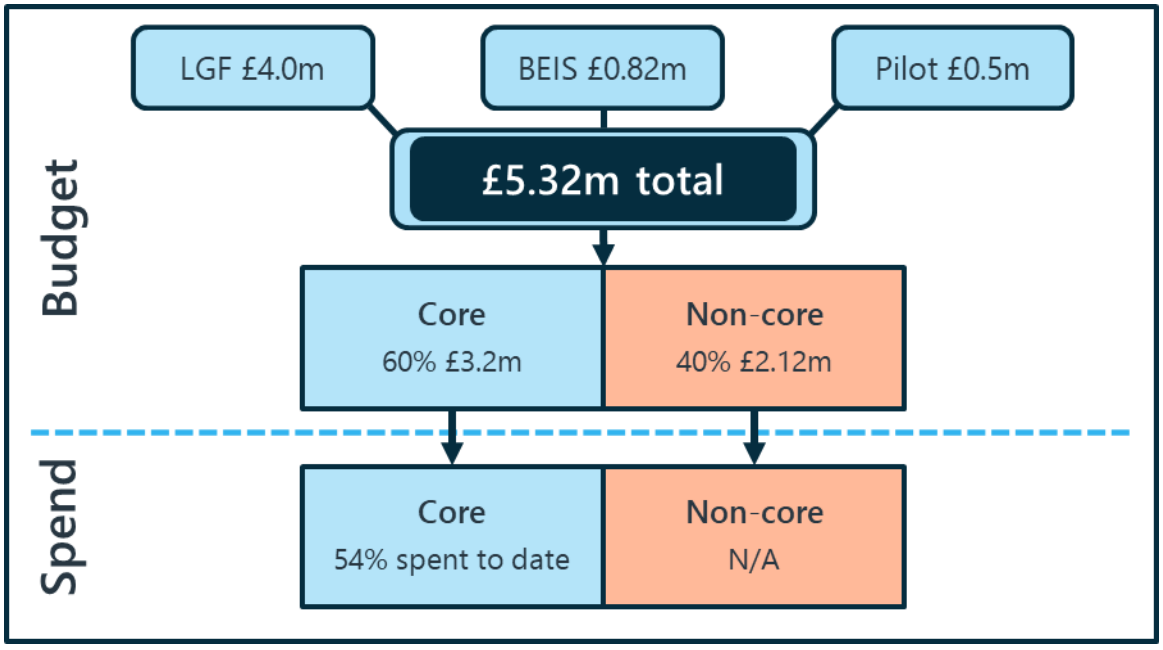
- **Financial performance**: budgets and expenditure for GH activities.
- **Deliverables**: performance against key GH targets and performance indicators.
- **CRM data**: covering client characteristics and activities
- **Customer satisfaction**: drawing on the SCR GH Customer Satisfaction Survey

Budgets and Spend

SCR GH received a total of £5.32 million in allocated funding

B.2 SCR GH received 75% of funding (equivalent to £4.00 million) from the LGF (Local Growth Fund) and 25% of its funding (equivalent to £1.32 million) from BEIS. 47% of the funding provided by LGF was allocated to funding core activities and the remaining 53% to non-core activities.

Figure 5.2 Overview of funding, budget and spend



Source: Sheffield City Region GH, Financial Performance Data

SCR is broadly on track to spend its allocated funding

B.3 SCR GH is broadly on track to reach total expenditure in line with its funding allocation, spending 91% of its total funding allocation to date. Consultancy/training, marketing, management and business advisors are the categories where over 90% of the allocated funding has been spent. In contrast only 72% and 76% of the Gateway and Operating expenses have been spent to date.

Table B.1 Actual spend to date by financial year (£) and % of allocated budget spent

	2015/16	2016/17	2017/18	Total	% of target
Consultancy/training	2,500	9,900	5,000	17,000	98%
Marketing	19,000	45,000	47,000	110,000	95%
Operating expenses	13,000	16,000	53,000	82,000	76%
Management	47,000	120,000	38,000	210,000	96%
CRM/	46,000	6,000	0	52,000	100%
Website & Additional IT Costs	18,000	18,000	6,000	42,000	71%
Gateway	37,000	53,000	66,000	160,000	72%
Business Advisors	64,000	300,000	350,000	720,000	97%
Staff expenses	760	4,500	400	5,700	45%
Other	53,000	11,000	22,000	86,000	98%
General Administration	0	23,000	16,000	39,000	76%
Policy team	200,000[3]	0	0	200,000	100%
Total	**500,000**	**610,000**	**610,000**	**1,700,000**[4]	**91%**

Source: Sheffield City Region GH, Financial Performance Data. NB SCR GH reporting lines have been grouped for ease of analysis and consistency across years.

Performance Against Targets

B.4 SCR GH have deliverable targets set by the LGF board, these are included in the table below. These targets include jobs created, businesses supported, businesses engaged, businesses referred to wider support or partner support and GVA (Gross Value Added). SCR GH's priorities are also indirectly affected by the targets for the Enhancement Project, Launch Pad and other non-centralised support projects.

[3] Note: The actual GH defrayed budget was £300k. The remainder of the £500k covered costs of the policy team pre-September 15th.

[4] This figure does not include the budget for non-core spending.

B.5 SCR GH for the most part is performing very well against it's LGF targets. To date it is exceeding both jobs created, and businesses supported targets by over 200% and its exceeding its businesses referred target substantially. In contrast only 15% of the GVA target to date has been delivered.

Table B.2 Delivery against LGF targets to date, 2016/17 to 2017/18

	Delivered to date	Target 16/17 to 17/18	% of target to date
Jobs Created	1,633	800	204%
Businesses supported[5]	5,086	2,000	254%
Businesses engaged[6]	n/a[7]	2,400	n/a
Businesses referred to wider support or partner support	1,811	250	724%
GVA (m)	7.8	52	15%

Source: Sheffield City Region GH Monitoring Data

B.6 According to the GH team there are no contracts for delivery with BEIS, but they do report the following metrics to BEIS.

[5] All the businesses where SCR GH had an enquiry and offered support, made a referral or sent some information to help with their enquiry. This is all of SCR GH's light touch activity.

[6] This includes any business that interacts with SCR GH through such mediums as phone, website, f2f or social media feed etc and hence it is not possible to collect accurate data against this target without double-counting.

[7] Precise figures which avoid double-counting for the number of businesses are not available due to the collection of data.

Table B.3 Metrics reported to BEIS, 2016/17 to April 2017		
Indicator	2016-17 Total	Cumulative to April 2017 (since launch)
Total number of businesses engaged	3,641	5,086
Total number of individuals (pre-starts and start-ups (trading less than one year) engaged	348	865
Total number of referrals to public/private support	1,811	4,285
Total number of referrals to national programmes e.g. DiT/UKTI, Innovate UK, IPO, Start-Up Loans etc	187	237
Total number of businesses receiving diagnostic & brokerage support	2,003	3,376
Total number of businesses that have received intensive face to face support [8]	1,478	1,726
Total number of individuals who have been helped to start a business (Data from Launchpad)	272	658
Total number of mentoring or business to business relationships created	87	110
Total number of jobs created (if applicable)	748	1,633
Total number of jobs safeguarded (if applicable)	Not measured	Not Measured
£increase in GVA (if applicable)	7,793,736[9]	97,237,123[10]
£Private sector match secured (if applicable)	27,745,000	33,431,398

Source: Sheffield City Region GH Monitoring Data

[8] This is all businesses that are receiving ongoing support (12 Hours) or a grant or where SCR GH have invested significant amount of time and resources and may have received multiple referrals etc.

[9] Note: only includes intensive assists (part of enhancement project)

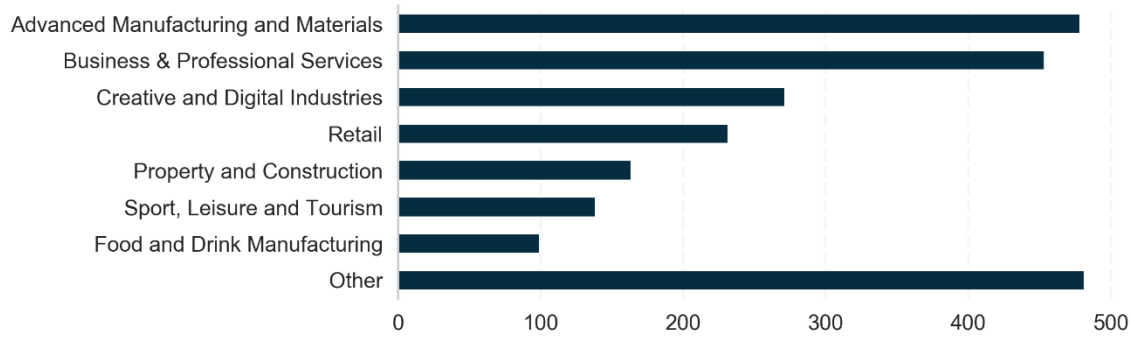
[10] Note: this figure also includes GVA figures from the Access to Finance team, RISE and other external projects. However, does not include GVA impact data for Launchpad or Y accelerator projects.

Analysis of CRM

Beneficiary characteristics

B.7 Sheffield City Region GH has assisted 2,315 businesses. A large proportion of businesses operate in advanced manufacturing & materials and business & professional services. Collectively both sectors account for around 40% of assisted businesses. These figures should be interpreted with caution, certain sectors such as retail are likely to be underrepresented due to the significant size of the *other* category within the CRM data. This means that the sectoral breakdown can be interpreted as illustrative only.

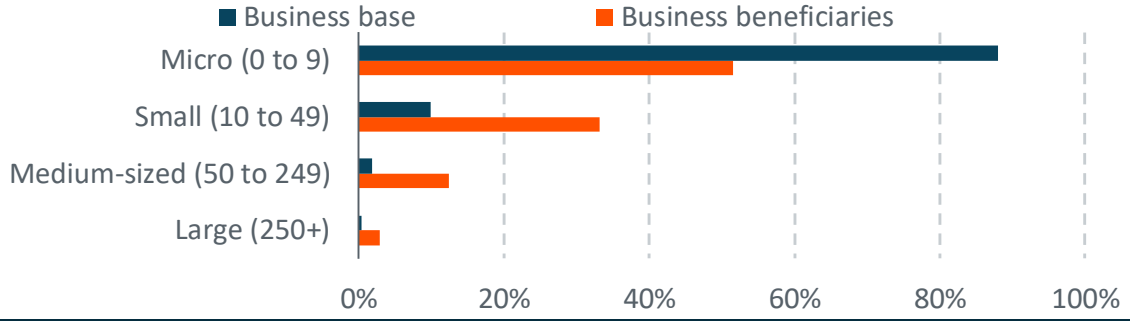
Figure B.1 Number of assisted businesses by sector



Source: Sheffield City Region GH Monitoring Data, 100% coverage

B.8 Micro businesses make up just over half of all businesses assisted. Small and medium businesses make up a relatively large proportion of businesses when compared to the SCR business base. Although these figures should be interpreted with caution due to the limited coverage of this indicator within the CRM dataset.

Figure 5.3 Proportion of assisted businesses by size

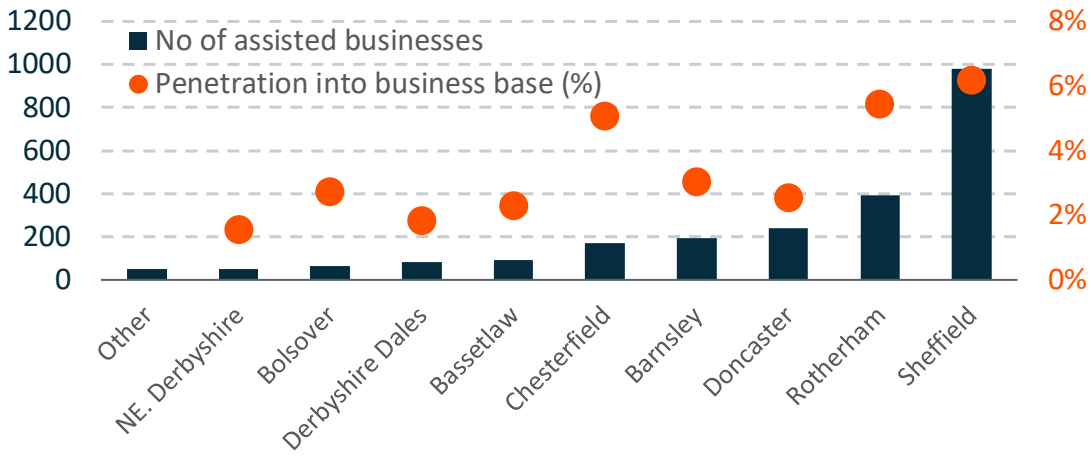


Source: Sheffield City Region GH Monitoring Data, 43% coverage

B.9 4% of businesses in the SCR have had some engagement with the GH. This penetration is highest in Sheffield and Rotherham (6% and 5% respectively). The largest share of assisted

businesses (42%) are based in Sheffield. Rotherham, Doncaster, Barnsley and Chesterfield also comprise significant proportions. Penetration into the resident business base is higher in Sheffield, Chesterfield and Rotherham where assisted businesses account for around 5-6% of the resident business base. In contrast to North East Derbyshire and Derbyshire Dales where they account for around 1-2%.

Figure B.2 Assisted businesses and penetration by local authority

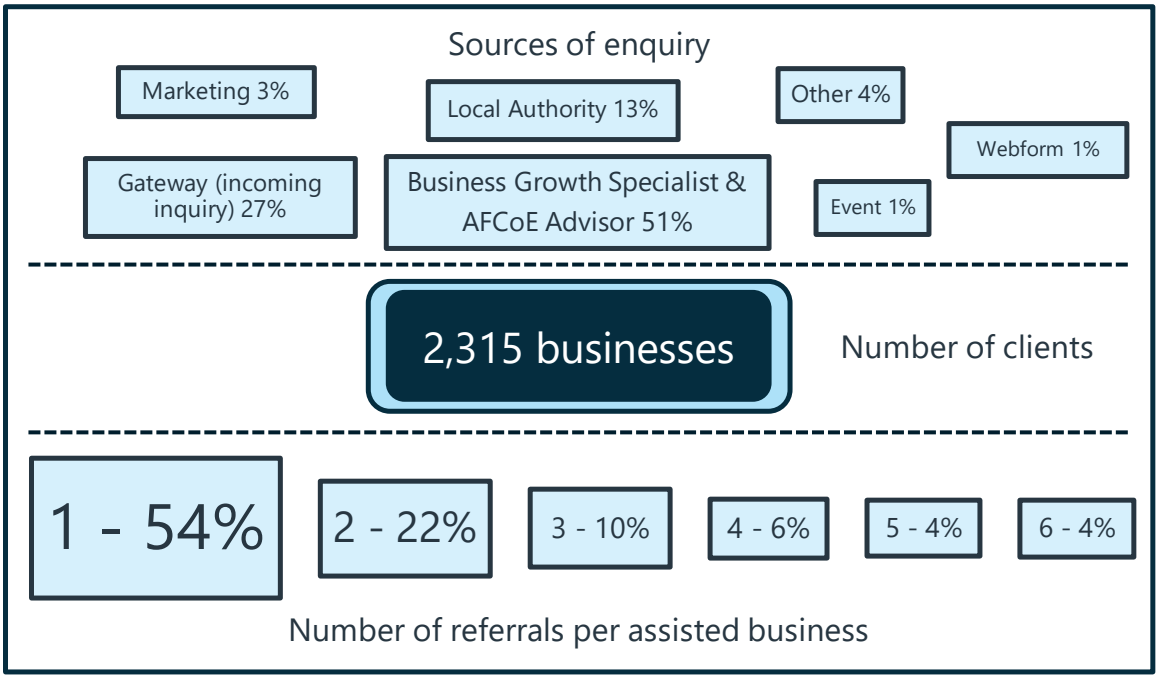


Source: Sheffield City Region GH Monitoring Data, 100% coverage

Business Growth Specialists (BGS) & AFCoE Advisors generate a large number of referrals

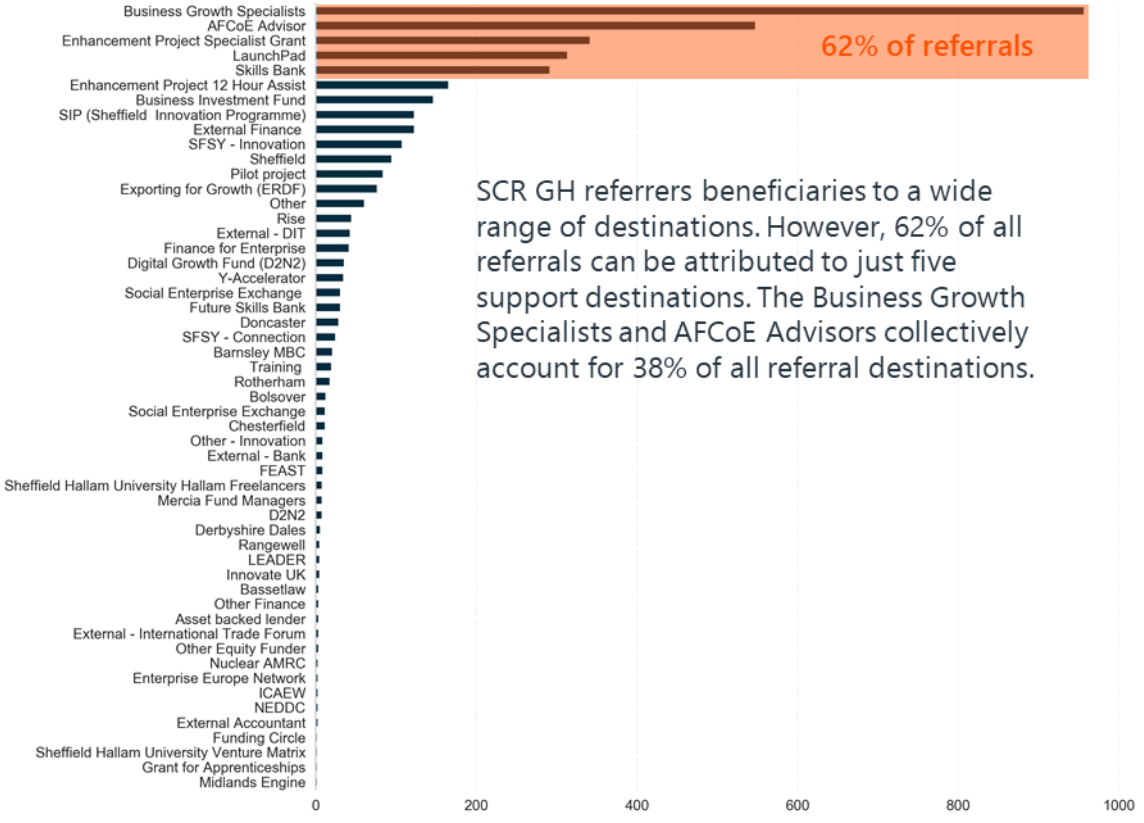
B.10 Just over half of the business enquiries were generated by BGSs & AFCoE Advisors either through a direct enquiry, intermediary referral or self-referral. 27% of enquiries were generated by the gateway (of which 84% were inbound calls as opposed to emails) and 12% to the local authorities.

Figure B.3 Source of enquiry, number of businesses, number of referrals per business



Source: Sheffield City Region GH Monitoring Data, 100% coverage

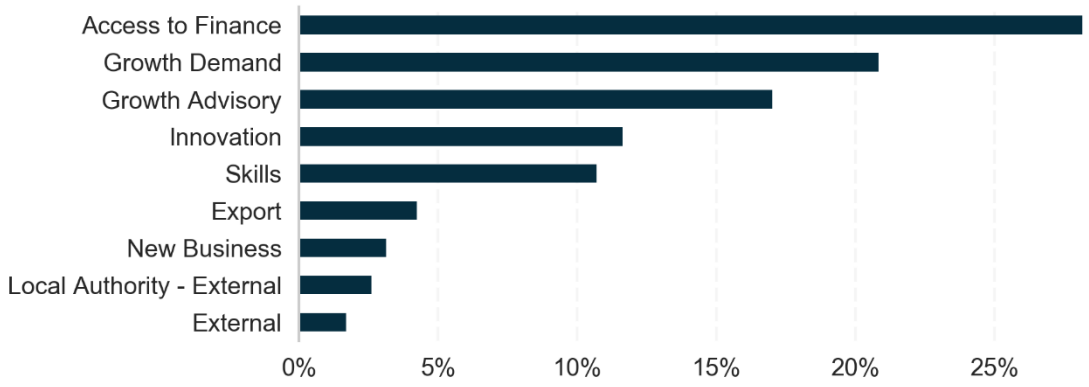
Figure 5.4 Referral destination breakdown



Source: Sheffield City Region GH Monitoring Data, 100% coverage

B.11 Most referrals from local authorities (around 58%) were from businesses located in Rotherham. Medium and large businesses make up a relatively large proportion of local authority referrals. The large majority (59%) of businesses referred by local authorities received access to finance support and 27% received growth advisory support. Access to finance, growth demand and growth advisory where the main support programmes received by businesses who were referred by BGSs & AFCoE Advisors. Collectively they comprise 66% of referrals from BGSs & AFCoE Advisors. In contrast support provided by local authorities comprises 3%.

Figure B.4 Support programmes received by referrals from BGSs & AFCoE Advisors



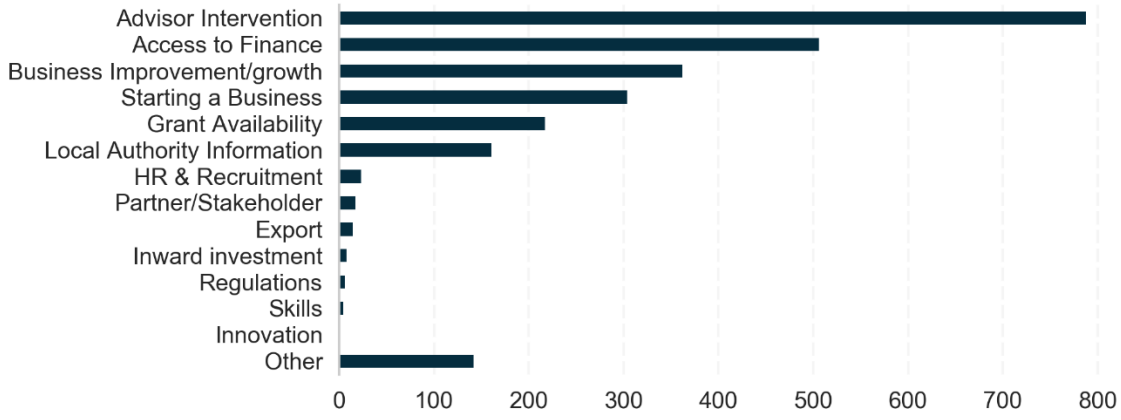
Source: Sheffield City Region GH Monitoring Data, 60% coverage

B.12 There have been 3,900 referrals, equivalent to 1.7 referrals per assisted business. Just under half of assisted businesses have had multiple referrals with 22% having two referrals and 10% have three referrals and 14% have four or greater. A relatively large proportion of businesses receiving multiple referrals reside in the local authority of Sheffield.

Nature of enquiry

B.13 CRM data records the nature of the support that businesses were seeking on making an enquiry to the Gateway. Analysis of this data suggests that a large proportion of gateway clients are recorded as looking specifically for advisor intervention (31% of initial support requests) access to finance support (21% of initial support requests). This needs to be carefully interpreted given the importance of AFCoE advisors and BGSs in creating GH enquiries. That is, it does not necessarily follow that the majority of businesses in the SCR would be looking for similar types of support / assistance.

Figure B.5 Nature of enquiry

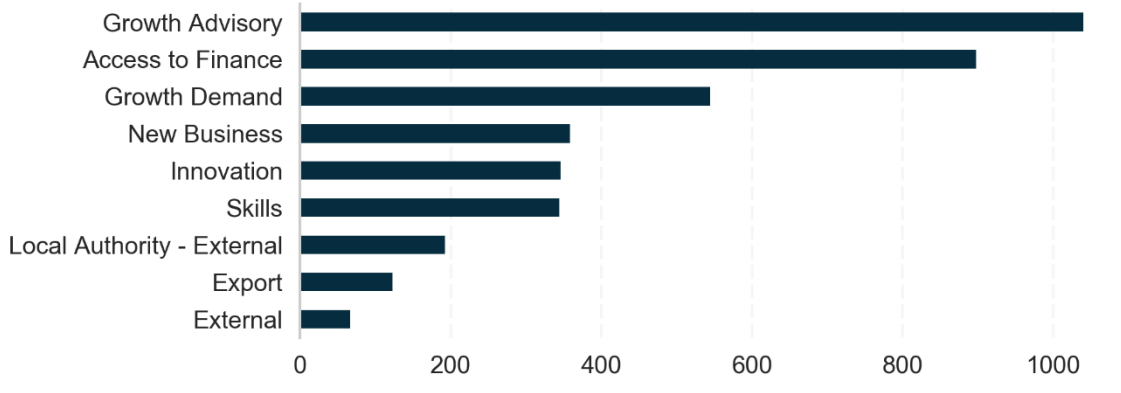


Source: Sheffield City Region GH Monitoring Data, 99% coverage

B.14 The large majority of businesses seeking local authority information are located in Rotherham and the large majority of enquiries into business start-up support are located in Sheffield.

B.15 Where a referral takes place, the team also record the broad categories of support received. These categories map approximately onto the GH spokes. There is a clear weighting towards the Business Growth spoke with Growth Advisory (BGSs), Access to Finance (AFCoE advisors, business investment fund, external finance and others) and Growth Demand (Enhancement Project 12 Hour Assist and Specialist Grants and others) making up the largest proportions of final support received, 27%, 23% and 14% of assists respectively.

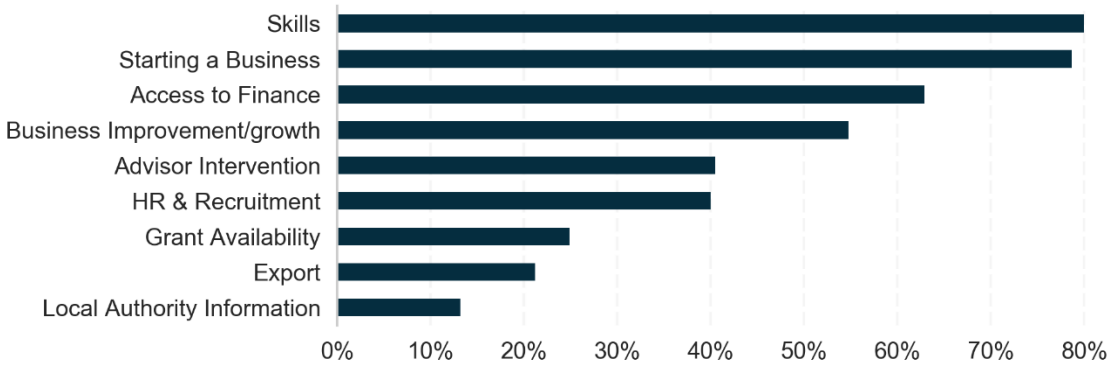
Figure B.6 GH Spoke (type of support received)



Source: Sheffield City Region GH Monitoring Data, 100% coverage

B.16 53% (equivalent to 2,100 businesses) of businesses making an enquiry received support that did not correspond to the original support they requested. This suggests that the gateway process is effectively exploring needs and suggesting alternatives.

Figure B.7 Proportion of enquires referred to support directly reflecting the enquiry focus



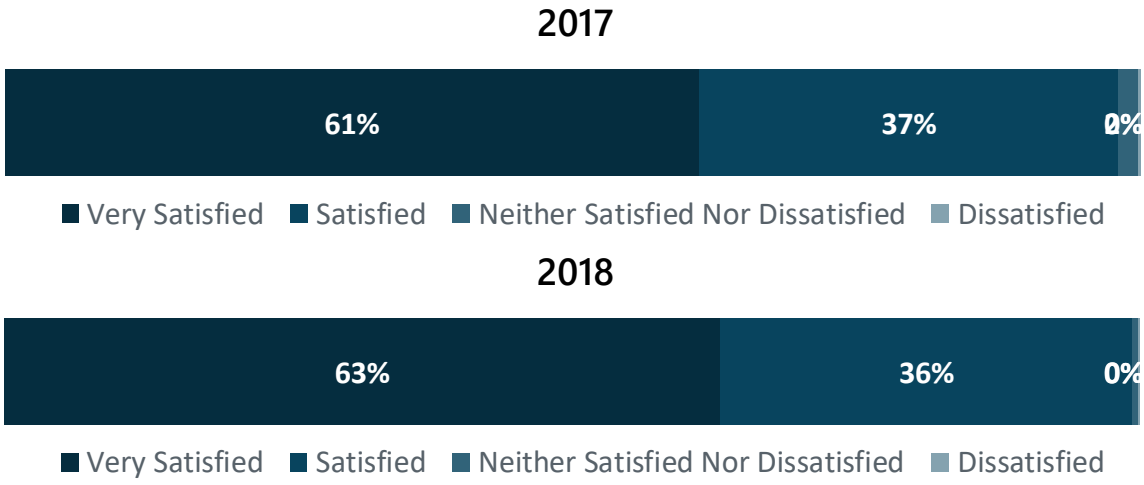
Source: Sheffield City Region GH Monitoring Data

B.17 Higher proportions of those who originally enquired about support relating to skills, starting a business and access to finance received support that directly reflected the nature of their enquiry. That is, when businesses self-identify a need of this type, they tend to go on to receive that type of support. Conversely, much lower proportions of those who originally enquired about local authority information received support that directly reflected the nature of their enquiry. 47% of those who's enquiry related local authority information went on to received access to finance or growth advisory support. 41% of those who's enquiry related grant availability went on to receive growth demand or growth advisory support. This suggests that the gateway process is actively exploring needs and suggesting additional and alternative support.

Beneficiaries are generally satisfied with the service they received

B.18 Customer satisfaction survey results have returned positive results in the GH's first two years of operation, with the overall satisfaction rates being 98% and 99% in 2017 and 2018 respectively. Of these, a very large proportion indicated that they were 'very satisfied' 61% and 63% in 2017 and 2018 respectively. It is not clear how the participants for the survey are selected (for example whether these are selected using a random sampling method) so the data needs to be carefully interpreted.

Figure B.8 Customer satisfaction survey results, 2017 & 2018



Source: Sheffield City Region GH Customer Satisfaction Survey, 2018 sample=405, 2017 sample=797

B.19 The table below shows a broad relationship between support intensity and satisfaction. A higher proportion of those who received high intensity support stated they were very satisfied compared to those who received medium and light touch support. Furthermore a higher proportion of those who received medium support stated they were very satisfied compared to those who received light touch support. This is not an uncommon pattern for business support services; often the client who receive the most intensive assistance have a greater propensity to report high levels of satisfaction.

Table B.4 Business beneficiary satisfaction by support intensity, 2017

Intensity	Very Satisfied	Satisfied	Neither	Dissatisfied	Responses
Light Touch	56%	42%	2%	0%	419
Medium Intensity	62%	34%	3%	1%	228
High Intensity	74%	26%	0%	0%	150

Source: Sheffield City Region GH Customer Satisfaction Survey, 2018 sample=405, 2017 sample=797

Conclusions – Performance and Financial Data

B.20 The key points from the analysis of CRM data include:

- **The GH is on target to spend its allocated funding** – overall to date 91% of the funding allocation has been spent.

- **Penetration varies by local authority** – 4% of businesses in SCR have engaged with the GH. Rates of penetration are higher in urban LAs eg Sheffield and Doncaster and lower in more rural LAs such as NE. Derbyshire and the Derbyshire Dales.
- **BGSs & AFCoE Advisors generate a large number of referrals** – just over half of the business enquiries were generated by BGSs & AFCoE Advisors. 27% of enquiries were generated by the gateway and 12% by local authorities.
- **A significant proportion of businesses are repeat users of SCR GH** - Just under half of assisted businesses had multiple referrals with SCR GH. A relatively large proportion of businesses receiving multiple referrals are based in the LA of Sheffield.
- **Advisor Intervention & Access to Finance are the most popular types support sought** – Advisor intervention and access to finance represent 31% and 21% of initial support requested respectively.
- **The majority of businesses do not receive support that reflects their original enquiry** – 53% of businesses received support that did not correspond to the original support they requested. The majority of businesses referred by local authorities received access to finance support.
- **Beneficiaries are generally satisfied with the service they received** – the 2018 customer satisfaction survey indicated that 63% of beneficiaries were very satisfied with the support they received, however these results should be interpreted with caution.

Appendix C - SME Engagement with Business Support

C.1 This section provides an overview of the relevant evidence base relating to SME engagement with publicly funded support. It considers levels of take up among SMEs, the characteristics of businesses that do or don't engage with businesses support, the barriers to businesses accessing business support and what encourages engagement with business support. It is informed by:

- **Literature review:** a selective review of relevant literature and evidence relating to the take-up of and engagement in publicly funded support.
- **Business interviews**: interviews with a small number of businesses in the SCR who had not engaged with the SCR GH. These qualitative interviews are intended to further explore the themes identified in the literature review, rather than provide a detailed source of evidence in their own right.

Scope of the Literature Review

C.2 The evidence base in relation to SMEs engagement with business support is extensive and well developed. Hence, we have carried out a focused review of some of the key studies in this area that we think are robust and relevant to the study question:

- Department for Business Innovation and Skills (2011), Research to understand the barriers to take up and use of business support
- K Mole (2017), Which SMEs Seek External Support? Business Characteristics, Management Behaviour and External Influences in a Contingency Approach
- Paul Braidford, Iand Stone (2016), Providing business support to SMEs – how to encourage firm's engagement
- Department for Business, Energy & Industrial Strategy (2016), Longitudinal Small Business Survey
- SCR (2018), Sheffield City Region Quarterly Economic Review 4th Quarter 2017

C.3 Much of the valuable evidence relates to the 2011 telephone survey of 1,202 SMEs which form the basis for the two of the research papers BIS (2011) and K Mole (2017). The majority

of this analysis simply describes the survey data and provides limited insight into the drivers behind the trends.

C.4 When interpreting this survey evidence, it is important to keep in mind that relationships in survey data do not translate directly into causal relationships, it is possible that trends in the data are the result of random correlation.

Business Engagement with Support Services

C.5 The evidence indicates that the majority (56%) of businesses in Yorkshire and the Humber had not used any external support. 17% had used only private support, 13% had used only public support and 14% had used both public and private support. An even larger proportion (64%) of businesses in the East Midlands have not engaged with business support.[11]

C.6 When asked what support would help to address the biggest challenges facing your business today, 22% of services businesses said entry into new markets and 26% of manufacturing businesses said skills development/training.[12]

What is the take up of business support?

C.7 The evidence indicates that only a small proportion of SMEs seek external support and the proportion has become smaller in recent years. Of the business that do seek support the proportions that use only public-sector support is relatively small.

C.8 The 2011 BIS research paper indicated that two fifths of all SME employers used formal external assistance three years prior to the study. 29% of all SMEs used private sector support and 20% used public sector support. 19% used only private sector assistance, 11% used only public sector assistance, and 9% used both private and public assistance. Similarly, the LSBS (Longitudinal Small Business Survey)[13] indicated the number of SMEs who have sought external information or advice in the 12 months leading up to the was low at 25%. This figure has decreased continuously over the last six years of the LSBS and SBS (Small Business Survey) down from 49% in 2010.

[11] Source: Department for Business Innovation and Skills (2011), Research to understand the barriers to take up and use of business support

[12] Source: SCR (2018), Sheffield City Region Quarterly Economic Review 4th Quarter 2017

[13] Source: Department for Business, Energy and Industrial Strategy (2016), Longitudinal Small Business Survey Year 2 (2016)

C.9 The evidence indicates that SMEs have a higher propensity to seek information as opposed to advisory services. The 2011 BIS research also indicated that 22% of all SME employers had sought only information, 12% had sought both information and strategic advice, and 6% had sought only strategic advice. The most recent LSBS survey also indicated that in England 12% has accessed information only, 9% has accessed strategic advice and 9% had accessed both. This may be because the level of trust required to accept external advice may big higher than it is for a simple transaction of information.

C.10 The 2016 LSBS also suggests that business growth and to a lesser extent productivity were the main types of advice sought by SMEs who sought strategic advice accounting for 31% and 18% respectively. The types of information sought are varied across numerous areas the most common being financial advice and employment law both with 13% of SMEs seeking information. The survey also indicates that of those SMEs who sought strategic advice the majority (61%) sought it from consultants and accountants.

What are the characteristic of businesses that do/don't access business support?

C.11 Various studies explore the characteristics of businesses that do/ don't take up support. They all focus of different business characteristics and have a breadth of different approaches, so it is difficult to draw out definitive messages. But propensity to engage seems to vary according to:

- **Business size:** according to 2011 paper by BIS medium sized SMEs are more likely to take up support and similarly the latest LSBS indicates smaller SMEs have a lower propensity to seek external information or advice with 24%, 34% and 45% of micro, small and medium sized businesses seeking support respectively. A similar piece of research[14] suggests that when a firm reaches the 10-employee threshold, it frequently searches for outside help from a range of sources, both private and public. This possibly suggests that it is about this size that businesses become more complex, requiring a greater range of expertise and management skills, yet are still not large enough to justify employing staff with the required knowledge and expertise internally.
- **Age of firm:** New SME employers (i.e. those established for less than one year) had a higher propensity to use formal business assistance than those businesses established for more than one year (47 per cent of them compared to 38 per cent).

[14] Source: K Mole (2017), Which SMEs Seek External Support? Business Characteristics, Management Behaviour and External Influences in a Contingency Approach

New SME employers had a particularly high propensity to obtain assistance from public sector sources (25 per cent of them compared to 20 per cent of other SMEs). Businesses in their first year face a multitude of challenges which they will have previous experience it is likely that as a result of this new businesses have a higher demand for external support. New businesses were also more likely to use public sources of support compared to other businesses.

- **Sector:** SME employers in public, community, social and personal services and financial/business sectors had the highest propensity to use external support. The most recent LSBS survey confirms this and also indicates that SMEs working in agriculture and utilities have a higher propensity to use external support with 44% of SME seeking external support in the 12 months leading up to the survey. Businesses in hotel and catering were less likely to access external support.
- **Growth aspiration/fast growing:** K Mole (2017) indicated that having growth aspirations is one of the main drivers of the take up of business support and to a lesser extent if a business is fast growing. In contrast businesses seeking survival are less likely to access external support.
- **Management team characteristics:** businesses with larger, more highly qualified management teams have a higher propensity to use external support. This be because more experienced managers would be more aware of the support available and its potential benefits.
- **Previous experience of informal support:** businesses who have used informal support are much more likely to go on to use external formal support. Utilising informal support may act as a stepping stones that builds the trust and confidence needed for a business to embark on accessing formal external support.

C.12 Survival orientated businesses, new businesses, micro businesses, and women-led businesses had a greater tendency to use assistance from public sources than other types of business. Those SME employers achieving rapid growth had the highest propensity to use formal business assistance from both private and public sources.

C.13 When interpreting this survey evidence, it is important to keep in mind that relative proportions of take up do not translate directly into demand, it could be the result of where supply has been or just be down to arbitrary correlation.

What are the barriers to accessing business support?

C.14 Firms have latent demand for formal business support when they have demand that they themselves have not recognised or demand for which they have not already sought external support. This can occur for a number of factors:

- **Unrecognised and unmet need for formal business assistance** – this is measured by non-user businesses that did not seriously consider using formal business assistance but nevertheless had experienced at least one significant concern during the last three years which they had been unable to deal with completely.
- R**ecognised but unmet need for formal business assistance (non-user) -** This is measured by non-user businesses that seriously considered using formal business assistance at some point in the last three years.
- **Recognised but unmet need for formal business assistance (user)** – This is measured by users that had further information or advice requirements over the last three years for which they had not received external assistance.

C.15 It is estimated 28% of SME employers have latent demand for formal business assistance and experience various barriers to the take up of business support: half of non-users do not recognise their need for assistance, despite experiencing unresolved problems; a third of non-users do recognise their need for assistance; and one in seven users have other unmet needs for assistance.

C.16 Non-users with recognised needs tend to be younger businesses that are growth orientated and run by younger aged and less experienced managers. In contrast, non-users with unrecognised needs tend to be older businesses that are survival orientated and run by less well educated and older managers. Women led, and minority ethnic group led businesses are significantly more likely to report having an unmet need for strategic advice than other businesses.

C.17 The 2016 LSBS indicated that 4% of SME employers had opportunities, difficulties or important information or advice needs that they did not get external support for in the last 12 months. Those in information and communication were more likely (7%) to have unmet demand for information and advice.

C.18 The evidence indicates that market failures are present, and that intervention may be appropriate in some instances. There are several key causes of market failure these include:

- **Doubts about the benefits and value of assistance in relation to the expense and time involved** is the most common form of market failure experienced by both those businesses that recognised their need for assistance and those that did not. 55% considered it a definite reason for not seeking assistance and 26% considered it the main reason.
    - Concerns about the expense of external assistance most commonly applied to businesses in the hotel, restaurant and catering, and financial and business services sectors, and to businesses that were not growing. The difficulty of finding the time to use assistance applied particularly to survival orientated businesses.
- **Relationship failures such as not being able to trust external advisors or concerns about whether advisors would understand the business** appeared to be the second most common form of market failure, with over 44% of those businesses with a recognised or unrecognised need for assistance identifying this as a definite reason and 14% as the main reason.
    - A lack of trust in advisors was most evident amongst businesses in the retail and distribution, construction, and hotel, restaurant and catering sectors, and especially amongst survival orientated businesses. Lack of confidence to approach professional advisors was particularly evident amongst young businesses in their first year of trading, less experienced owner-managers, and women led and minority ethnic group led businesses.
- **Concerns about being able to access appropriate assistance** appeared to be the third most common form of market failure, 35% of those businesses with a recognised or unrecognised need for assistance identifying this as a definite reason for not seeking assistance and just 11% as the main reason. These concerns applied particularly to those businesses with a recognised need for external assistance
    - Concerns about accessing support were most commonly found amongst SME employers in the retail and distribution, and hotel, restaurant and catering sectors, and also amongst women led and minority ethnic group led businesses.

C.19 Paul Braidford, Ian Stone (2016) indicated that a lack of a common entry point for support or diagnostic advice acted as a barrier to accessing support. In the absence of the f2f IDB service offered by business link some businesses feel the new online and by telephone, and only later escalating to face-to-face, intensive support method of delivery is unfamiliar and

does not meet the level of service they expect to be able to access to guide them through the unfamiliar landscape.[15]

C.20 The majority of all non-users state they would be able to find appropriate external support if it were required, 23% were not at all confident. Half of non-users would be willing to pay for external advice that could help achieve business growth.

C.21 The LSBS survey indicated that 69% of those who received strategic advice in the last 12 months paid for it. Medium-sized businesses were more likely to have paid for advice (88%) then small businesses (75%) or micros (66%). By sector, those in finance/real estate were more likely than average to have paid for advice.

What encourages engagement with business support?

C.22 As part of the LSBS SME employers in England were asked if they had heard of the Tools for Business section on the .GOV website, their Local Enterprise Partnership, and their local GH. In 2016, they were also asked if they had sought information or advice from them, or otherwise engaged with them, in the last 12 months. A relatively small proportion of businesses (22%) of SMEs were aware of their local GH and an even smaller proportion (3%) had engaged with it. 45% of SMEs has heard of their LEP and 25% had heard of the Tools for Business section on .GOV.

C.23 With regard to improving engagement the aforementioned 2011 BIS research concludes SME businesses have a diverse range of support requirements and sensitivities which impact on the selection and non-selection of business assistance providers. In order to optimise the take up of formal business assistance, provision needs to be promoted and delivered flexibly in ways which will be attractive to businesses with different characteristics.

C.24 A recent study[16] on how to encourage more engagement between SMEs and business support concluded that publicly funded business support services have a crucial role to play in the engagement, diagnosis and signposting of potential users. Publicly funded business support can improve SME engagement through:

- Forging an effective working relationship whereby the support user is diagnosed correctly, has a positive experience (almost regardless of the actual short-term impact), and develops or retains a positive attitude towards business support in

[15] Source: Paul Braidford, Ian Stone (2016), Providing business support to SMEs – how to encourage firm's engagement

[16] Source: Paul Braidford, Ian Stone (2016), Providing business support to SMEs – how to encourage firm's engagement

general and more intensive support in particular (i.e. beyond simply gaining information or funding).

- Generating positive word-of-mouth among the many business owners who do not make use of intensive support or – as important – to prevent negative and potentially ill-informed perceptions spreading widely.
- Utilising private networks to promote higher levels of uptake and engagement. This could, for example, range from basic encouragement of use, e.g. by the online publicising of a range of networks or the provisioning of cheap access to rooms for networks to use for meetings; through to more active ways of promoting networking, such as obligatory membership of the local Chamber of Commerce.

Interviews with Businesses

C.25 To deepen our understanding of engagement with business support in Sheffield and to test the some of the conclusions from the literature review we carried several business interviews. These business interviews covered themes such as growth aspirations, use of business advice and support services, private vs public sector support and business plans. Ten businesses were interviewed in total, with an even split between rural and urban businesses.

C.26 The purpose of the business interviews is to explore some of the themes identified in the literature review as opposed to providing evidence in their own right and hence should be seen as supplementary to the literature review.

What is the take up of business support?

C.27 In accordance with the existing literature, the large majority of businesses said they would not seek help from others if they had a business problem with the second largest proportion stating that they would seek help from friends, family and other business owners. Further the large majority of businesses had not used formal support of any kind, public or private. This again confirms the exiting evidence that a relatively small proportion of businesses utilise formal external support. There were some instances of businesses using their local council or accountants for support, the former for help with planning and the later for assistance with taxes.

C.28 Of those that did receive business support some had a negative experience stating that it was very confusing and that it did not offer any constructive advice. In contrast some stated it was fit for the desired purpose ie assistance with tax.

Characteristics of businesses that do or don't access business support

C.29 The majority of businesses had plans to stay the same over the next year and a significant proportion are aiming to achieve steady growth, further the majority of businesses also had little engagement with business support. This trend confirms the existing evidence by K Mole (2017) that indicates having growth aspirations is one of the main drivers of take up of business support.

What are the barriers to accessing business support?

C.30 The business interviews indicated that the main reasons for businesses not accessing business support include:

- **A lack of demand** – Among the business interviews this was far and away the main reason. It is impossible to say whether these businesses could potentially benefit external support despite stating they do not have demand for it. However, according to the literature the high proportion of businesses stating they have no demand for business support could be the result of businesses not recognising their own latent demand for business support. For example, the literature states that over half of non-users (with a need for external assistance) do not recognise their need for assistance.
- **The industry they operate in is too specific for the application of general business support** – this tend mirrors the finding of the existing evidence that suggests that concerns about being able to access appropriate assistance is the third most common form of market failure.
- **Too expensive** – This was particularly true for small sole traders. This confirms the current body of evidence which suggests that a significant proportion of SMEs (who knowingly or unknowingly could benefit from external support) doubt the value of external assistance in relation to the expense and time involved.

C.31 In terms of the support businesses would like to see, a small number of sole traders stated they would like help with marketing in an online world ie websites, social media etc as currently, marketing support is prohibitively expensive.

What encourages engagement with business support

C.32 Only a fifth of interviewed businesses had heard of Sheffield City Region GH. These findings confirm the existing evidence that a relatively small proportion of SMEs (22%) are aware of their local GH and an even smaller proportion (3%) have engaged with it. This also indicates that another possible reason for businesses not accessing business support is that they are not aware of what support is available, and further they do not know they are not aware of what business support is available.

Conclusions

C.33 The review of literature relating to engagement with business support and the interviews with SCR businesses indicate the following key points, that:

- **A small proportion of SMEs seek/utilise external support** – of those that do, the proportion that utilise public support is relatively small. Research indicates that around 20% of SMEs had used formal external support.
- **Propensity to engage with business support varies by business characteristics** – growth aspirations, business size, sector, age of firm and management team characteristics are some of the business characteristics more strongly associated with take up of external support.
- **A significant proportion of SME employers have latent demand for formal business support** – that is around 28% of SME employers have demand for business support that they themselves have not recognised or have demand for which they have not already sought external support.
- **There are a few key reasons that businesses do not access business support** – these include:
  - **A lack of demand** – Many business owners do not feel they have a need for business support in their current situation. While this may be true in many cases it is also possible a business could benefit from business support but does not recognise the opportunity to do so.
  - **The perceived benefit in relation to the cost** – Doubts about the benefits and value of assistance in relation to the expense and time involved is the most common form of market failure.

  - **Concerns about being able to access appropriate assistance** – many employers feel their service area is too specific for the application of general business support.
  - **A lack of trust in external advisors** – many companies are wary of external advisors and the advisor's ability to understand their company.
- **A very small proportion of SMEs are aware of/utilise their local GH** – the evidence indicates that around 22% of SMEs are aware of their local GH and around 3% have engaged with it.

Appendix D - GH Case Studies

Table D.1 Boost Business Lancashire	
History and Background	• The Lancashire Business GH was developed in response to the ERDF Priority 1 call for Business GHs in 2012. Lancashire County Council secured £3.6m ERDF revenue funding and matched this with £3m match funding from delivery partners and £600K from SME contributions. Its progress and achievements were evaluated through an interim (2014) and final (2015) evaluation. The evaluation of Boost 1 informed the evolution of the Boost Model into the second phase of the programme. • In January 2016 Lancashire County Council was successful in securing £3.7m ERDF funding for a further 3-year period to deliver 'Boost 2'. This was matched by Lancashire County Council (£2.9m) and private (£750K) resources. Its progress and achievements have recently been evaluated through an interim (2017) evaluation. • Boost is being delivered under ERDF Priority Axis 3 of the 2014-20 programme: Enhancing the Competitiveness of Small and Medium Sized Enterprises. The programme responds to the recognition that a large proportion of businesses do not engage with business support, and business support needs to be coordinated to make it more understood and accessible to SMEs. Lancashire's business start-up and survival rates need to be improved, and SME growth needs to be accelerated to close the productivity gap. Intervention is required to provide the front-end assessment, prioritisation and referral of business support enquiries.
Overview of Approach and Objectives	• The objectives of Boost are three-fold: accelerate growth of Lancashire's SMEs to make them more competitive, stronger and sustainable; promote entrepreneurship and encourage more dynamic and innovative new businesses and improve business survival rates; mobilise and coordinate business support infrastructure to provide a coherent and high-quality service. • The Boost GH model includes demand stimulation through a website and PR activity; a central Gateway function which coordinates activity to ensure businesses are directed to relevant support; and direct delivery of three core products 'Growth Support', 'Growth Mentoring' and 'Growth Vouchers'. A referral system is in place to direct businesses to external sources of support. • Lancashire Enterprise Partnership provides strategic oversight of the Boost Programme, and Lancashire County Council is the ESIF Accountable Body and programme manager, responsible for day-to-day management and administration. Independent compliance advice is provided by Crabtreewood. Core delivery partners include Freshfield PR, who hold the central marketing contract; Growth Lancashire delivering the Gateway and administering the Growth Voucher scheme; Winning Pitch and Enterprise4all delivering the Growth Support programme; and Community and Business Partners and Orvia delivering the Growth Mentoring Programme. • The delivery partners delivering the core service offer of Boost have changed over time as Boost has evolved and focused on a smaller number of core services, whilst strengthening referral systems to aligned services which previously formed part of the Boost core offer. In Boost 1, Lancaster University and the University of Central Lancashire were core delivery partners. In Boost 2, these services sit outside the core offer but are strongly aligned to support effective referral. • The Gateway includes a telephone helpline, website and CRM system. An Initial Diagnosis of Need (DoN) is carried out by the Gateway, or via core delivery partners through their own self-generated enquiries. This includes identifying whether the individual or business is eligible for support through Boost. Following the DoN, the business is referred directly to one of the Boost delivery strands or receive a referral to external support. To support effective referral, a more detailed assessment of need is provided through an Information, Diagnosis and Brokerage (IDB) service. This is a new service provided through Boost 2. The Gateway provides the IDB service to existing businesses, whilst Winning Pitch/Enterprise4all deliver support to pre-starts.

Market Position and Influence	• Boost seeks to work on both the supply and demand side. • Boost encourages businesses to source business support appropriate to their needs. The model seeks to address the lack of engagement with business support through marketing the Boost offer via the website, referral systems, and PR activity including attendance at events, newsletters and media campaigns. The Gateway function aims to understand prospective clients' needs and refer them to providers of support. A consistent client experience is provided through a standardised approach to diagnosing business needs and client relationship management. • On the supply side, Boost directly delivers a small selection of core services where it is felt there is a market failure. However, Boost has grown its reach into the wider support landscape and has much more effective referral systems in place to support an increasing flow of referrals to non-Boost services.
Demand Stimulation and Targeting	• The Boost programme identified ~20,000 SME businesses in Lancashire as a potential target market. The Delivery Plan establishes a target to raise awareness among 12,000 businesses via marketing activity. • All businesses can access the Boost Gateway and be directed to appropriate support. Overall, 4,000 business are anticipated to enquire at the Boost Gateway, with 3,000 businesses receiving a referral to further support. However, only businesses meeting the Boost eligibility criteria can receive direct support from core Boost services. The criteria include location i.e. based in Lancashire (or intending to start their business in Lancashire). Ownership is also important, with Lancashire-based businesses needing to exhibit decision-making authority over their growth proposal. Key priority sectors for support include aerospace, advanced manufacturing, professional and business services, food and drink, healthcare, energy and environmental, and digital and creative. Ineligible businesses include retail, defence, automotive, shipbuilding, coal and steel, agriculture, banks and insurance, and education. The growth aspirations of potential entrepreneurs and existing businesses is also considered, with a need to exhibit the potential to grow turnover or employment. • Boost has a growing profile as a one-stop shop for business support with strong progress made against KPI targets. This has been facilitated by investment in central marketing activity, building marketing into delivery strand contracts, the ambassador role played by the LCC core team, and the development of private sector network Boost & Co which has supported referral activity and the profile of Boost.
Gateway Function and Brokerage	• Demand stimulated through central marketing activity is directed to the Gateway. The role of the Gateway is to coordinate, communicate and work in partnership with business support providers to ensure that the business support offer is effectively communicated and targeted to Lancashire businesses. The Gateway coordinates the client journey of Lancashire businesses to the support offer appropriate to their needs. • Gateway staff undertake an initial Diagnosis of Need to assess clients' support needs and their eligibility for support and refer them to appropriate services both within and outside of Boost. The Gateway is contracted to deliver a more detailed assessment of need through Information, Diagnosis and Brokerage (IDB) assists. This is a medium intensity intervention, aligned with the EU 3-hour metric for information, diagnostic and brokerage support, aimed at providing a more in-depth analysis of business needs through ongoing dialogue. • The effectiveness of referrals depends on a 'coalition of willing' business support advisors who have a trusted collaborative relationship aimed at directing businesses to the most appropriate support to meet their needs. This requires a live ecosystem of business support which is well understood by advisors.

Overcoming Challenges	• **As a new initiative, Boost took time to grow its profile**. However, the Boost brand has gained a lot of traction over a short period of time and this has been achieved through the team learning the lessons from Boost 1 and applying them. This included developing a strong brand and marketing collateral which has helped to provide a perception of a unified offer, direct management of the website by Freshfield to help direct the enquiries, developing Boost & Co as a private sector network which has extended reach into the target market, and monthly marketing planning and meetings which all delivery and affiliated partners are encouraged to attend. The LCC team are deeply engaged with the business community, working hard to increase recognition and interaction with Boost. • **Directing businesses to the most appropriate support**. There needs to be a live and extensive ecosystem of public and private support products and referral network needs to be developed to provide businesses with more choice and allow them to receive a range of support over time as they grow. The development of Boost & Co has supported this objective. Overall, under Boost 2 70% of total enquiries have been directed to business support providers outside of Boost which is testament to the success of referral systems. However, the Gateway contract also includes delivery targets for Growth Vouchers and IDBs This has led to a degree of competition among partners for business assist outputs, which is felt to be undermining the effective flow of referrals. Looking ahead to Boost 3, the Gateway needs to be more squarely focused on business engagement and remain completely objective by operating outside of any support. • **Procurement delays and technical issues** led to a delay in project delivery which had an impact on the original output profile for Boost 2, leading to a change request in April 2017 and again in January 2018. • **Developing long term relationships.** The length of time associated with the intervention, i.e. 3-hour or 12-hour assist, can act against the intention of the GH to develop long term relationships.
The Future	• A Framework for Boost 3 is currently in development. There are number of shifts in focus which reflect the prevailing policy environment. This includes: 1) A new business resilience programme aimed on supporting businesses through the opportunities and challenges posed by BREXIT 2) A focus of support on scale-up businesses. This responds to the BEIS focus on scale-ups in recognition that the return on investment is much higher from supporting scale-up businesses. The team have recently participated in scale-up training along with other LEP/GH representatives. 3) Dedicated account managers. Programme leads have recently completed Level 7 training which will support uniformity in delivery. 4) Removal of the existing Growth Voucher scheme 5) Taking advantage of the free National Helpline Service which BEIS is currently procuring which will have implications for the form and function of the Gateway • Boost 3 will continue to deliver mentoring and start-up support. • The Boost team is currently preparing to embark upon the Final Summative Assessment of Boost 2 at the end of 2018.

Table D.2 Leeds City Region GH	
History and Background	• The Leeds City Growth Service started in July 2015 and is funded by BEIS. • The LEP Growth Service responds to the Strategic Economic Plan Priority 'Growing Business'. This seeks to "*drive up productivity, growth and employment through an environment that enables businesses to start-up, innovate, trade and invest*". The aim of the GH is to provide simplified high-quality business support. Initially, the SEP established an aspiration that the Growth Service would be financially sustainable from April 2018. • The LEP Growth Service is delivered by the LEP in partnership with the ten local authorities. West Yorkshire Combined Authority (WYCA) are the accountable body. The WYCA Business Innovation and Growth (BIG) Panel provides governance and oversight. The BIG panel is made up of representatives from the private sector, universities, policy-makers and delivery partners. It advises WYCA and the LCR LEP in relation to business growth, including business support, innovation, digital, trade, and inward investment. The BIG Panel is responsible for reviewing whether the project's output and expenditure targets are met, and for identifying and addressing risks and opportunities. • The Growth Service has remained largely constant over time.
Overview of Approach and Objectives	• The Growth Service is a 'hub and spoke' collaboration with local authorities, universities and private sector business support organisations. • The Growth Service received funding directly from BEIS via a two-year deal between 2016/17 and 2017/18 to the value of £1.025m. The model involves a central gateway team and SME Growth Managers who operate within the local authority districts. The Growth Managers' salaries are matched on a 50/50 basis by the local authorities who also employ them. • Businesses can access the Growth Service by telephone, the LEP's website or email. These provide a general signposting service. • Growth Managers provide more intensive support. Their role as an impartial honest broker requires them to have an in-depth understanding of the full range of public and private sector service offer. The emphasis of their role is on building longer term relationships with priority businesses that have growth potential. The nature of support includes meetings, diagnosis of need, personal referral to relevant products and services, and support with funding applications. • The Growth Service is delivered in-house in partnership with the ten local authorities. Only the CRM system 'Evolutive' is outsourced.

Market Position and Influence	• The focus of the Growth Service is on access to (rather than provision of) business support services. The main aim is to get the right products and services to growing businesses in a timely fashion. The account management function supports the navigation of businesses to the right services. This includes those directly delivered by the LEP and those available via partner organisations such as the Department for International Trade, Innovate UK, local authorities, chambers of commerce, universities and colleges.
	• ERDF and other funding is used strategically to commission services where gaps exist. There are a number of complementary programmes which the Growth Service refers into. This includes:
	  • Ad: Venture (the city region's support programme for start-up and early stage businesses)
	  • Strategic Business Growth, a £6.75m programme delivered by the LEP and Winning Pitch providing impartial one-to-one coaching on all aspects of business growth including financial management, sales, marketing and planning,
	  • The £42.7m Business Growth Programme (BGP) which provides grants of between £10,000 and £250,000 to businesses in the City Region towards capital investment that will lead to new jobs being created
	  • The £2.66m Resource Efficiency Fund (REF) providing advice and funding to SMEs to identify and put in place improvements on how they use water, waste and energy
	  • The £9.2m Access Innovation programme aimed at supporting SMEs in developing new products and services.
	  • Another key product is the WYCA's Travel Plan Network which provides businesses with advice and guidance to implement sustainable travel solutions.
	  • The Northern Powerhouse Investment Fund which is funded by ERDF, the British Business Bank and the European Investment Bank.

Demand Stimulation and Targeting	• The Growth Service is open to all SMEs who want to grow. A targeted approach to delivering services and support is framed around the City Region's key growth sectors: life sciences and related industries, digital and creative industries, low carbon and environmental industries, manufacturing and financial and business services. More recently, a targeted approach to scale-up businesses has been pursued to support all firms (regardless of sector) exhibiting the highest growth potential (defined as those most likely to achieve at least 20% growth in turnover and/or employment over a three-year period). • Local delivery bodies and the Account Managers engage in active demand stimulation and promote business support services. • The Marketing and Communications Plan has three priority areas focused on getting new customers, providing additional support to existing customers, and working more closely with the private sector (especially banks and accountants) to get more and better referral systems in place. The latest Leeds City Region Business Survey provides positive information on the continuing increased awareness of the LEP and its services amongst the SME population, with 49% of firms responding aware of LEP services. • A bank of case studies of businesses supported by the Service continues to grow and is seen as an effective way to engage with new customers across the city region. Blogs from industry experts and business leaders are used to help promote the Service to new customers, communicate important practical messages to businesses and raise its profile within the SME community. Recent blogs include exporting, financial management, apprenticeships and business networking.

	• Attending and hosting events is considered to be an effective and cost-effective way to promote business support from the Growth Service to a wider audience. Major recent events include an Access to Finance event delivered in partnership with the Yorkshire Enterprise Network. • A programme of 'pop up' business support cafes has been delivered across the city region. The cafes provide smaller firms with the opportunity to meet professional experts on a range of key business issues and opportunities under one roof. The experts cover topics such as finance, sales and marketing, social media, exporting, business planning and innovation.
Gateway Function and Brokerage	• Enquiries are handled by a central gateway team which is delivered in-house by the LEP. Businesses can access the service by telephone, website or email. There is no contractual target for the number of business enquiries handled by the LEP gateway but these are monitored. The Growth Service has an annual target of supporting 2,500 businesses. • A target of 630 SMEs supported intensively by SME Growth Managers has been set for 2017/18. The SME Growth Managers are responsible for ongoing liaison with businesses. • One of the core functions of the Growth Service is referral. This includes referral to aligned LEP programmes, as well as external programmes. There are a number of forums which support effective referral systems by informing a live database of business support (both public and private). These forums include: ▪ The BIG Panel including private sector representatives, Chambers of Commerce and DIT (meets quarterly) ▪ The Professionals Perspective – an intermediary network including professional services, accountants etc (meets quarterly) ▪ The Business Communications Group which is a membership organisation group including the two Chambers, FSB, EEF, CBI and IoD.
Overcoming Challenges	Challenges experienced by the LEP Growth Service include: • Achieving cross-function referral, both into the Growth Service, as well as from the Growth Service. The Growth Service struggles to receive referrals from partner organisations. • The size and diversity of the business stock in Leeds City Region versus the resources available to service the level of demand. This is a massive challenge and results in the Growth Service having to be somewhat selective. This then runs the risk of spreading the jam too thin. • Volatile SME market and current economic conditions pose challenges which require support. • Short term nature of BEIS funding which makes it difficult to plan service provision.
The Future	• An evaluation of the Growth Service has been undertaken and is due to finalise in May 2018. In general, it is felt that the LEP Growth Service model is well understood and embedded. • The Growth Service is participating in the Northern Powerhouse GH Network which is working with Government on a blueprint for the future of GHs. • BEIS has confirmed that Business GHs will continue to receive funding for a further two years from 1 April 2018. This will provide £512,500 in 2018/19 and 2019/20 which will enable the current delivery model to be maintained. • The development of a Local Industrial Strategy is underway which will replace the current SEP. This will provide strategic recommendations on business growth and have implications for the function of the Growth Service. • There is anticipated to be a diminishing focus on target sectors, and an increased focus on targeting scale up businesses. • Looking ahead, there is a need to provide an enhanced support offer to build economic resilience (i.e. resilience to post-Brexit / external shocks). This is likely to focus on imports / exports, supply chain and labour.

Table D.3 : D2N2 GH	
History and Background	• The D2N2 GH was launched in December 2014 with the aim of establishing a new mechanism to facilitate and co-ordinate the market for business services across the sub-region. The service is aligned with the D2N2 Strategic Economic Plan. • Phase 1 was delivered by East Midlands Chamber and was developed as a website, modestly staffed by a GH Co-ordinator and Information Officers, and linked to National Business Support Initiatives. • In September 2016 the GH was awarded £1.27m from ERDF guaranteeing services until March 2019. This funding supported continuation of core services, as well as additional support including the appointment of a GH Manager, increased capacity to handle business support enquiries, and greater opportunities for working with partner organisations through Enhanced Local Services. The local authorities match ERDF funding 50:50. • Day to day operational activity is managed by D2N2, Nottingham City Council and East Midlands Chamber. • In March 2017 the D2N2 GH was awarded £430,500 from BEIS to deliver GH activity and business support. The GH then launched a new strand of support providing a Scale Up offer. This pilot was scheduled to run until March 2018. Further funding has now been secured to continue the service.
Overview of Approach and Objectives	• The aim of the GH is to improve the ability of businesses in the D2N2 area to value and engage with business service providers (public or private) and to help business service providers to improve their offer. There are three main areas of activity: 1. *Increase the uptake of national and local schemes through raising awareness of public and private sector support, by improving coordination, marketing and signposting* 2. *Enhancing and expanding the provision of national schemes locally* 3. *Providing tailored support to businesses to give the right type of support at the right time* • The D2N2 GH is delivered as a partnership. Nottingham City Council acts as Accountable Body for the ERDF funding on behalf of the D2N2 LEP and GH partners. East Midlands Chamber mange the CRM and website and deliver much of the face to face services alongside Nottingham City Council, Nottinghamshire County Council, Derbyshire Dales District Council, Chesterfield Borough Council and Derbyshire County Council. An Enhanced Local Services programme is in place, and the GH works closely with local authority account managers (who are branded as D2N2 GH Business Advisors). • A Project Board provides overall strategic leadership of the project and ensure its delivers agreed contracted outcomes and objectives. It monitors the performance of the project against contracted expenditure and reports progress to the D2N2 Local Enterprise Partnership Board on a regular basis. The Project Board is led by private sector business representatives and includes senior representatives from each of the delivery partners and the Accountable Body, as well as members of the GH project delivery team. An Executive Group oversees delivery and ensures consistency and quality of service, contributing to the planning and implementation of the GH and managing the achievement of contracted outputs. • D2N2 LEP play a strategic delivery role in the GH and receive central government support to facilitate this. In 2017/18 the GH budget is £550,000. • The GH has an overarching target of assisting at least 2,000 businesses per annum. Since inception, 6,147 businesses have been engaged to date (May 2018). • An Advisor Team supports overall delivery of the GH service. The service offers both generalist and some specialist growth advisors (e.g. finance). The GH has found that focused support is beneficial to businesses and are keen to develop this.

Market Position and Influence	• Increasingly, the D2N2 GH has shifted over time to supplying more direct support. • The Central Gateway continues to provide initial contact and referral services. • A network of local business support advisors is in place through partnerships with some of the local authority partners. The business advisors deliver a diagnostic and provide a 3 and 12-hour assist and refer the business to appropriate support. • Regular health checks are held within local districts providing free one to one sessions to businesses over a 90-minute session to offer guidance and support aimed at helping to grow business. These are open to all businesses, particularly those trading for over a year, looking to grow and expand and operating within the B2B sector within the D2N2 area. • The D2N2 GH provides regular events, allowing officers to engage directly with business to raise awareness of support available. These are held both jointly and without private and public-sector partners on a wide range of subjects including exporting, marketing and PR, planning expansion, accessing finance and enhancing company brand. The GH team also attend external events to spread the word about its service offer. • D2N2 GH identifies eight areas of economic focus and have a team of advisors in place to support businesses to access sector specific support. This includes creative and digital, construction, food and drink manufacturing, life sciences, low carbon, transport and logistics, transport equipment manufacturing and visitor economy. These align with the existing SEP. Each of these sectors have a tailored business support package. For example, the D2N2 Digital Growth Programme. • A new D2N2 GH Pilot Scale Up programme was established and ran between April 2017 and March 2018. It targeted SMEs which have achieved some or all of the following: employ ten or more people at the start, have a turnover of between £1m and £15m a year, have consistent annual growth of at least 20% for the past three years. The programme is being delivered in partnership with Nottingham Trent University Business School, the Professional Coaching Alliance, the Centre for Management & Business Development and East Midlands Chamber. Businesses receive a free comprehensive review of their scale up challenges and develop a bespoke action plan. Those selected to take part receive 1:1 coaching, workshops, peer-to-peer networking. It is delivered to three cohorts: scale up, potential scale up and ambitious businesses. It focuses in particular on three key areas: leadership and management development, routes and market, and investment readiness.
Demand Stimulation and Targeting	• A Marketing, Events and Communications Plan is in place aimed at maximising business awareness of the service offered by the GH. A D2N2 GH Marketing and Communications Manager is in post with responsibility for developing, co-ordinating and implementing an ongoing events programme, including the planning and execution of workshops, conferences and Advisor surgeries. • A website www.d2n2growthhub.co.uk provides information and signposting. This includes guidance on starting a business, growing the business, access to finance, skills and employability, and international markets. • This is supported by a helpline where businesses receive a tailored referral. Social media channels provide the latest news and details of upcoming events.
Gateway Function and Brokerage	• East Midlands Chamber hosts an Enquiry Handling function which aims to handle enquiries from at least 2,000 businesses per annum. Each enquiry is provided with appropriate information, advice and guidance and referred as appropriate to available business support. The business support landscape is well populated and currently includes 62 offers which businesses need support to navigate. All interactions are recorded on the CRM system. • Account managers are located within the local authorities and are branded as D2N2 GH advisors. They maintain ongoing relationships with clients.

Overcoming Challenges	• There was a delay in implementation of Enhanced Local Services which has impacted upon the profile of number of businesses assisted. This was specifically where additional Enhanced Local Services were being put in place and can be attributed to ERDF contracting delays. • D2N2 has an overlap with SCR however D2N2 reflected that the two GHs work together really well at an operational level. The team members meet regularly and know each other's product offers. • Some challenges in getting local authorities to contribute and work together. Over time the benefits of closer working are more apparent which is supporting this agenda. The top tier authorities are now all fully engaged and sharing data. • More generally, the clarity of focus from BEIS is an issue. Current policy focus is on scale ups, but the GH is still expected to do everything else with limited resources.
The Future	• D2N2 recently commissioned an impact evaluation and Summative Assessment (November 2017). This study will provide practical recommendations as to how to develop and position its offer within the wider Midlands Engine landscape and to support emerging Sector Deals and the Industrial Strategy ambitions. The mid-term evaluation has made initial recommendations: • Develop a long-term strategy for the GH to 2030 to align with the SEP • Develop a Marketing Strategy to take account of market segmentation for innovation sectors, scale ups and maintenance of the core service. By targeting "productive firms" the GH can contribute to the LEPs productivity agenda • Review of the enquiry handling, in bound calls and referral process to streamline and maximise resources • Review of data analysis methods, performance dashboards and targets to drive up ERDF outputs • The D2N2 Operational Plan 2017/18 identifies the importance of segmenting the business base and developing tailored messages for each. • The GH is exploring options within the ESIF Programme under PA3 for closer collaborative working towards a "Super GH" to provide excellent business support within D2N2 • Post Ministerial Review recommendations on overlap requires clear working arrangements to be established with Sheffield City Region. • GH 2 is currently in development, with full submission anticipated in June 2018 with an anticipated start of April 1st 2019 and running to March 2022. They have BEIS funding for two more years, and the emphasis appears to be less on becoming self-sustaining and the expectation is that BEIS will continue to support. However, they are looking to maximise funding sources including Industrial Strategy Challenge Funds and the Midlands Engine Investment Fund and becoming more proactive around opportunities such as HS2. • Looking ahead, the GH is looking how to enhance and sustain the GH offer, re-focused on productivity and strongly aligned to an emerging Local Industrial Strategy. This includes a roll-out of the scale-up programme to develop high growth, high productivity businesses, Brexit readiness and opportunities support, key sector productivity and growth plans; and exploiting supply chain opportunities from HS2 and Heathrow Expansion.

Appendix E - Business Support Policy

E.1 The business support landscape in the UK has been significantly restructured over the last 25 years, driven by shifting economic/political drivers and policy responses to address weaknesses in provision. Local Enterprise Partnerships (LEPs) now play an important role in business support provision through GHs and the Industrial Strategy has clearly committed the current government to support businesses to drive UK competitiveness outcomes.

The evolution of business support

Business Link is established as a One Stop Shop for Business Support

E.2 In 1992 Michael Heseltine (in his role as President of the Board of Trade) established Business Link. By 1998 Business Link operated from 89 regional offices and employed 650 business advisers. Following the release of the "Building Partnerships for Prosperity" White Paper in December 1997, the Regional Development Agencies (RDAs) took over responsibility for Business Link and reconfigured the network around nine regional structures.

E.3 Over the same period Business Link's role was rationalised to an Information, Diagnosis and Brokerage service concentrating on providing impartial advice and guidance to businesses rather than direct delivery of support. The RDAs contracted business support delivery (e.g. innovation advice, start-up support) out to other agencies and companies. Business Link became a lighter-touch gateway service tasked with engaging with larger number of SMEs.

E.4 In 2006, attention shifted to the number of business support services available. Business intermediaries were exercised by the complexity and inefficiency associated with supporting an estimated 3,000 different services. The Business Support Simplification Programme (BSSP) aimed to reduce the number of schemes to 100. In practice, at least initially this was achieved by packaging services together and re-branding into product strands.

RDAs are abolished and there is a shift to further localism

E.5 The new Coalition Government in 2010 reshaped SME support propelled by the combined effects of the shift on focus to macro-economic stability, the austerity agenda driving cuts

to public spending at home and the philosophical shift towards removing barriers and away from direct support.

E.6 In May 2010 the Coalition Government quickly announced its plans to close the Regional Development Agencies and replace them with more locally-accountable business bodies, the Local Enterprise Partnerships. BSSP was overtaken by a focus on streamlining business support through a national focus driven centrally by the Department for Business, Innovation and Skills (BIS).

E.7 LEPs had far fewer resources than the RDAs and many of the services they supported including the Business Links were closed. Nevertheless, local provision continued, albeit in more fragmented manner and spread across LEPs, central government, local government and non-governmental bodies. In October 2012, two years after the abolition of RDAs, the Heseltine report , "No Stone Unturned: In Pursuit of Local Growth" was published and the process of devolution started to gain much more momentum. The report proposed significant delegation from central government to LEPs including:

- the establishment of a local growth fund
- giving LEPs responsibility for local growth plans
- realigning management of ESIF funds to local plans of LEPs.

E.8 Each of these recommendations were implemented and set the scene for the roll out of GHs in each of the 39 LEP areas.

GHs are formed

E.9 The original wave of GHs was spearheaded by Greater Manchester as part of its City Deal initiative. Soon after Lancaster University led a £32m bid for Local Growth Fund that saw a further set of 20 Wave 2 Hubs established. By 2016 all 39 LEPS had established a GH using funding directly from by BIS and complemented by other resources such as ERDF.

E.10 Although GHs are intended set a single local access point for business support, there has been no defined model for how GHs should deliver business support which led to a number of different models emerging across the LEPs.

E.11 Only very recently has BEIS produced guidance which acknowledges "no single defined model for a GH because they are designed to reflect local needs and partnership arrangements, but all GHs have committed to the following:

- To raise awareness of business support so firms know where to go to get help.
- To offer diagnostic and signposting so firms can be referred to the right help quickly.
- To run networking events so that business owners can meet each other, make contacts and seize commercial opportunities.
- Finally, a single, national, web-based information service has been created at gov.uk.

E.12 It was also intended that the GHs and their partners should use the information and tools published on gov.uk and use or promote the national Business Support Helpline to ensure businesses get consistent information whether they search nationally or locally (although in practice, this has not been achieved as comprehensively as hoped).

Recent Announcements

E.13 The UK Industrial Strategy White Paper in 2017 set out a broad and ambitious plan to grow UK competitiveness. The national strategy acknowledges the importance of locally appropriate approaches and is committed to ensuring economic growth is more broadly spread across the UK. However, it does not set out a clear role for GHs, instead the expectation appears to be that the upcoming round of Local Industrial Strategies will set out detailed plans for the services and structures needed to secure growth and that the role of GHs will be confirmed therein.

E.14 In the meantime, GHs continue to face a wider set of expectations than their resources allow them to fully address. They also have too little clarity on the duration of their resources to establish sustainable structures and build lasting capacity.

E.15 In early 2018, BEIS provided all GHs with an updated delivery framework and a series of Principles of Funding for the 2018/19 Financial Year[17]. This document reconfirms the commitment to GHs in the Industrial Strategy and outlines an intention to continue to work in partnership with LEPs and GHs and to ensure that funding allocations for GHs remain at current levels over the next two financial years. In practice, this means that core funding for GHs remains relatively modest (at £12m per annum in total) and time limited (the paper states that funding allocations for 2020/21 will be reviewed and agreed in collaboration with LEPs.

[17] BEIS (2018) GH Principles of Funding 2018-19

E.16 BEIS now appears to be providing more guidance om GH operation and activities than it had previously and has agreed a series of 'Principles of Funding' to underpin its core funding allocations to GHs. These principles have been developed in partnership with LEPs and the Northern Powerhouse GH network and are designed to underpin the delivery of the core objective to

'…seek to ensure that GHs across England offer a consistent, quality and output driven service to business and ensure that core GH services are prioritised on those activities with the greatest impact on business growth, supporting delivery of Strategic Economic Plans and the Industrial Strategy'.

BEIS, Cross England Delivery Framework – A Blueprint for Future V2, P1

5.35 The five principles are summarised in **Error! Reference source not found.**. This highlights a number of key themes.

- **A more prescriptive approach from BEIS:** BEIS now appear to be looking to achieve a greater level of consistency across GHs and are beginning to take a more prescriptive approach than they have previously to help achieve this. There is however still an opportunity (indeed, a requirement) for GHs to be configured to ensure that they meet local needs. Specifically, they are expected to be embedded within each LEP area's Strategic Economic Plan and Local Industrial Strategy. As BEIS requirements become more specific, this could become an increasingly difficult balance to strike.
- **Continued emphasis on collaboration:** GHs continue to be positioned as collaborative endeavours and the associated need for partnership working and effective strategic governance is emphasised within the principles of funding.
- **Greater emphasis on monitoring and evaluation**: BEIS appetite to understand and capture the impact of GHs is evidence in the principles of funding document, the involvement of the What Works Centre in its development and the nature of the requirements set out in the Common Metrics Framework. The nature of the requirements suggests that BEIS may be planning to implement an impact assessment which used counterfactual impact evaluation methods (which tend to focus on quantitative outcomes on business performance and are often more suited to picking up large transformative rather than incremental improvements in business performance.
- **Continued high expectations related to GH's coordination function**: the paper is clear that BEIS expect GH's to continue to play an active role in the coordination of

services. It states that GHs should be seeking to work closely with national services and develop relationships with public and private sector. In this regard, BEIS are continuing to expect a great deal of GHs given the level of funding (and by extension influence) they are being provided.

- **A shift towards a two-speed GH requirement:** one interpretation of the funding principles is that BEIS are looking to move towards GH models which explicitly use very light touch engagement methods to provide a basic triage function for all businesses, but that services as a whole are explicitly targeted towards the businesses with the highest growth potential. Indeed, the guidance is quite specific on both of these points and goes as far as outlining the types of services which should be prioritised towards priority businesses. In this regard, it is not surprising to see internationalisation, R&D and innovation, skills and access to public procurement highlighted here. However, it is notable that non-grant forms of finance are highlighted explicitly.
- **A clear role for GHs in engagement and marketing**: The expectation that GHs will play a role in stimulating demand for and encouraging / enabling engagement with business support services through providing a free and impartial local single point of contact is very clear. The role here encompasses both the lower priority (something for everyone) businesses and an active role in identifying and engaging with the very high priority businesses.
- **Limited referral to skills:** The need to better integrate business support with skills is becoming increasingly recognised amongst business support and skills practitioners and the inclusion of skills related priorities under Principle 5 suggests a desire on the part of BEIS to see greater integration.

5.36 These requirements will need to be met in an environment of continued constrained funding. The direct BEIS funding for GHs continues to be limited and piecemeal and delivery focused resources are also becoming constrained. The increasing emphasis on GH financial sustainability, BEIS recent focus on GH evaluation and monitoring (and recent GH ranking exercise) could suggest that post 2019 funding arrangements for BEIS could be performance related (in part or in whole).

GH's ability to lever in additional resources could become constrained in parallel as ESIF programmes wind down (although the Shared prosperity Fund could fill some or all of the gap here. Chasing additional resources from ERDF (or its successor) will inevitably generate additional priorities in particular to deliver business support

services, alongside being a gateway. Although a balance can be struck, the inevitable tensions between these two roles needs to be acknowledged and managed. If GHs start to look to generate revenue, it will draw them into more direct competition with commercial services and partners such as Chambers of Commerce. Offering an impartial gateway services is particularly incompatible with a charging approach and would be likely be a victim of any move in this direction.

Summary of GH Principles of Funding 2018/19

Principle	Summary	Implications for Core Offer
Principle 1: Management Governance and Coordination	GH remains under direct leadership and governance of LEP, under oversight of the LEP AB in line with locally agreed assurance arrangements and compliant with the national LEP assurance framework	• High level of scrutiny of spend, delivery and compliance by AB • Representation from appropriate local stakeholders on appropriate governance and operational boards. • Management and delivery roles appropriately resourced by the LEP • GH embedded into LEP's Strategic Economic Plan and any Local Industrial Strategy • LEP any external providers work proactively to lever in additional sources of public and private sector funding and demonstrate coordination and alignment of business and enterprise support to further enhance GH offer
Principle 2: Data, monitoring, reporting, evaluation and value for money	Compliance with Metrics and Evaluation Framework and use of robust monitoring and evaluation systems to exercise continuous service improvement, ensure excellence in quality delivery and greater levels of impact on business growth.	• Comply with reporting requirements in the new Metrics and Evaluation Framework • Ensure accurate capture and reporting of primary unique business identifiers for all businesses receiving medium and high intensity diagnostics • Work in partnership with BEIS to agree local KPIs for the GH • Use national datasets to supplement local intelligence and shape service delivery • Ensure robust evaluation of core GH services and any pilot approaches and insights are shared across all LEPs and with BEIS • Submit formal reports as required to BEIS.
Principle 3: Strategic Partnership and Business Support Simplification	Build and strengthen relationships with key local players across public and private sectors, national providers, investors and universities to exploit opportunities for collaboration and further simplification / joining up of services.	• Proactively encourage collaborative working between all of the local players involved in the provision of business support • Explore opportunities for sharing office space, hot desking and other resources with partners where it makes sense to do so • Collaborate flexibly with other LEPs, GHs, BEIS and others to ensure activities are optimised across wider geographies • GH and any local spokes to embed an agreed 'strapline' within the website and on local collateral to ensure that the GH network demonstrates that the service is supported and endorsed by Government.

Principle 4: Triage, diagnostic and signposting	Encourage more businesses to take up external advice by providing access via a free and impartial single point of contact, prioritising those businesses with the opportunity, ambition and greatest potential to grow	• Use light touch / low cost channels and interventions for the single point of access • Use delivery models demonstrated to be most effective to support prioritised businesses (ie those with the greatest potential to grow). Likely to include more intensive and sustained face to face support, peer to peer mentoring networks and specialist support services. • Use national online content, diagnostic tools and support services and the national Business Support Helpline to deliver greater value for money. • Proactively promote public and private programmes that (i) enable more businesses to access market opportunities and be more confident in trading internationally (ii) are more successful in stimulating business investment in science, research and development and innovation (iii) enable businesses to access appropriate skills (iv) increase awareness of and participation in public procurement and major infrastructure projects. • Work in partnership with BBB and others to raise awareness of mainstream and alternative sources of finance covering debt, equity, leasing, diversified funding streams and microfinance to increase supply of finance options for growing firms.
Principle 5: Ambitious and High Growth Businesses	Make best use of available national and local datasets to identify and target the businesses with the opportunity, ambition and greatest potential to grow. Develop deep relationships with public and private sector providers and use these to curate impactful interventions.	• Further develop and delivery against locally developed scale-up / growth plans to ensure recognised scale-up challenges are overcome and that businesses with the greatest opportunity, ambition and potential are prioritised. • Use national and local datasets to target those with the greatest potential • Where viable and where gaps exist broker / introduce high quality face to face account managers that have the skills and experience to (i) undertake a high-level diagnostic (ii) spend time with the senior management team (iii) signpost to and work alongside other programmes (iv) manage relationships with businesses over the life of the intervention And report progress along the firm's growth journey.

Appendix F - List of Consultees

Table F.1 List of internal consultees

Name	Position
Andrew Rowley	Head of Gateway
David Grimes	Head of Growth Hub
Dr Dave Smith	Managing Director
Helen Lazarus	Assistant Director of Business and Investment
Louise Bermingham	Operations Manager
Mark Lynam	Director of Programme Commissioning
NA	BGSs and A2F Specialists (group discussion)

Table F.2 List of external consultees

Name	Organisation	Position
Adam Bond	Nuclear Advanced Manufacturing Research Centre	Government Manager
Adrian Williamson	Chesterfield Council	Innovation Support Project Manager
Alex Prince	Sheffield Hallam University	Director of Knowledge Exchange
Amanda Paris	Rotherham Council	Economic Development
Chris Scholey	Board Member/Business Growth board	Sheffield City Region LEP
Conor Moss	Sheffield Hallam University	Director of Education and Employer Partnerships
Dan Fell	Doncaster Chamber of Commerce	Chief Executive Officer
David Shepherd	Barnsley Council	Service Director for Economic Regeneration
Dean Cook	Innovate UK	Head of Regional Engagement
Edward Highfield	Sheffield	Director City Growth
Giles Dann	Derbyshire Dales District Council	Economic Development Manager
Giles Searby	Keebles	Commercial Litigator

Henry Rig	Leeds City Region Enterprise	Business Support Manager
Jason Brannan	Sector Group - Healthcare	Chair and Director of Medilink
John Millar	BEIS	Assistant Director, Local Business Support
Julian Cossgrove	North East Derbyshire District Council	Senior Economic Development Manager
Julie Kenny	UK Commission for Employment and Skills	Board Member Business Growth Board
Kevin Bennett	Sheffield Council	Head of Business Growth & Investment
Kevin Donnelly	Federation of Small Businesses	Area Leader - South & East Yorkshire
Laurie Thomas	Chesterfield Council	Economic Development Manager
Lisa Barton	D2N2 LEP	Commercial Communications and Marketing Officer
Lisa fox	Bolsover District Council	Senior Economic Development Officer
Lloyd Snellgrove	Sheffield Hallam University	Dir Research & Innovation
Martin Beasley	Barnsley Council	Group Leader – Enterprising Barnsley
Neil MacDonald	Business Growth Board	Chair
Paul Clifford	Barnsley District Council	Economic Development manager
Paul Houghton	Previous BGB Chairman and Senior partner at GT	Senior Partner Grant Thornton
Paul McGrath	Bolsover District Council	Investment Manager
Peter Norris	PWC - Skills Bank	Head of Programmes
Phil Glover	Humber Local Enterprise Partnership	Growth Hub Programme Manager
Richard Wright	Sheffield Chamber of Commerce	Executive Director
Robert Wilkinson	Bassetlaw District Council	Head of Economic Development
Sarah Want	University of Sheffield	Director, Partnerships and Regional Engagement

Scott Cardwell	Doncaster Council	Assistant Director for Development
Tim O'Connell	Rotherham Council	Investment and Development Office
Yasmin Knight	University of Sheffield	Economic Development Manager

Appendix G - Note of Stakeholder Workshop

G.1 Regeneris facilitated a Growth Hub stakeholder workshop on 12th April 2018. The purpose of the workshop was to:

- **Discuss and consider the findings** from Regeneris' ongoing review of the Sheffield City Region Growth Hub.
- **Identify the way forward** for the Sheffield City Region Growth Hub and consider how best to reflect the finding of the review into the next iteration of the GH.

G.2 Attendees of the workshop are summarised in the table below.

Table G.1 Summary of Workshop Attendees

Attendee	Apologies
• Alex Prince, Sheffield Hallam University • Helen Lazarus, Sheffield City Region • Eleanor Edey, University of Sheffield • Martin Beasley, Barnsley Council • Paul Clifford, Barnsley Council • David Grimes, Sheffield City Region • Mark Lynam, Sheffield City Region • Scott Cardwell, Doncaster Council • Tim O'Connell, Rotherham Council • Amanda Parris, Rotherham Council • Kevin Bennett Sheffield City Council • Fiona Humpage, Bassetlaw Council • Sarah Johannes, Regeneris • Kate Downes, Regeneris	• Jennefer Holmes, Doncaster Council • Julian Cosgrove, North East Derbyshire Council • Laurie Thomas, Chesterfield Council • Giles Dann, Derbyshire Dales Council • Connor Moss, Sheffield Hallam University • Yasmin Knight, University of Sheffield Robert Wilkinson, Bassetlaw Council • Adrian Williamson, Chesterfield Council • Yvonne Asquith Sheffield City Council

G.3 This note provides an overview of the important points discussed and agreed at the workshop. It also set out the next steps for the review.

Discussion of Findings from the Review

G.4 Regeneris presented the findings emerging from the Growth Hub review in relation to the performance of the Growth Hub, the factors which have shaped its development and operation and the lessons which need to be considered as the GH develops.

G.5 These findings are summarised in the slides which were circulated ahead of the workshop (and appended to this note for reference).

G.6 1.6 In the discussion of the findings from the review, no major concerns were raised about the emerging conclusions and lessons that Regeneris has identified. The following points were emphasised by the group in the discussion:

- The early discussions about the purpose and original design of the Growth Hub were difficult and not as productive as they would ideally have been.
- The Growth Hub was established as a separate entity and was not designed to make best use of the delivery capacity and capability that already existed in the City Region. This had an adverse effect on the partnership underpinning the Growth Hub from the outset.
- The nature of the funding available to the Growth Hub and the associated delivery targets have had a marked effect on the way that the Hub developed and has been delivered.
- Governance and strategic oversight of the Growth Hub has not been as strong as it would ideally have been. The lessons from the review which relate to governance and stakeholder engagement (particularly the need for engagement at both a strategic and operational level) are particularly important.

Identify the Way Forward

G.7 Regeneris facilitated a discussion to explore the aims and objectives of the Growth Hub and seek to build consensus about the functions that it should provide in the City Region's business support system. The discussion focused on big-picture decisions about broad functions rather than the detail of delivery arrangements and sought to agree a headline division of responsibility between the SCR Growth Hub team and other stakeholders for the delivery of key business support functions.

G.8 1.8 Substantial progress was made in working towards a consensus. The group agreed the following points:

- **Strategic Engagement**: this is a shared responsibility between the SCR Growth Hub and other stakeholders. Activities here are core to all organisations although some types of strategic stakeholder engagement lend may be more appropriate at the City Region rather than local level. While the responsibility is shared, stakeholders agreed that the central Growth Hub team would ideally have more resource / ability to prioritise this type of activity.
- **Sharing Information and Intelligence**: there are numerous barriers which are preventing a shared CRM being established across the City Region. While this is inconvenient, partners agree that it does not cause sufficient operational difficulties to warrant excessive investment (of time or resources). Issues of overlap or duplication are rare enough that they can be addressed on an ad-hoc basis and managed through discussion rather than systems. Success here will be underpinned by a willingness amongst all parties to share intelligence and strategy.
- **Client engagement:** it was agreed that overall this is a shared responsibility. The Gateway should continue to function and be marketed as the go-to place / gateway into support services although this should not be positioned the only route into business support in the City Region. In parallel, local authorities and other providers will continue with their own business engagement activities. Partners agreed that the Growth Hub is well positioned to support overall client engagement activity centrally by delivering and promoting workshops to assist with client engagement.

G.9 A large portion of the group agreed that the focus of the central Growth Hub resource should be on providing access to specialist advisors to work with clients where a need for continued, more intensive or specialist support had been identified. Here, the respective delivery roles of the central team and local authority staff would be:

- **Needs assessment and referral:** the light touch diagnostic and signposting currently provided by the Growth Hub gateway would continue. Some attendees saw a central role for the local authority teams here in providing initial, exploratory support and advisory services to businesses. These services would allow local authorities to understand and define clients' support needs, form a view on the level of priority to be attached to the business and whether there is a case for continued involvement / support. If a need for further, or specialist support was identified, the local authority could refer into the Growth Hub. Note: detail of criteria / principles to guide this

decision were not discussed. There was no clear consensus on this point however and there were differing views amongst local authorities about who could and should perform this needs assessment role and whether local authorities would provide their own advisory services.

- **Service delivery and ongoing relationships:** for businesses where an ongoing support need had been identified, central Growth Hub resource would provide access to Business Growth Specialists who would either work with the business on an ongoing basis, providing regular updates to the relevant local authority to keep them informed of progress. Most local authorities agreed that they would be keen to maintain ongoing relationships with businesses in their areas on wider matters but not necessarily regarding the delivery of business support.

G.10 There was broad support for this headline division of responsibility (accepting that much of the detail would need to work developed and agreed) however a full consensus was not reached. Further discussion and refinement will be needed to reach agreement on the division of responsibility for needs assessment work and the ongoing management of relationships with priority businesses.

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