

Purpose of report:

To update TES members on progress and achievements of the BES Growth Hub since its transfer to ESCC and to brief members on policy development matters that are likely to influence the future development of the service beyond 2021.

1) Background

The Covid-19 pandemic has brought the role of publicly funded business support into sharp relief. Businesses which would normally not engage with support services have found themselves needing to seek out help, and the plethora of support packages set up by Government, while welcome, has made the role of the Growth Hubs particularly important. The ability of Growth Hubs to provide clear, concise, unbiased advice to SMEs navigating this complex landscape has been crucial, and their success in doing this has been recognised across Government departments, as well as being welcomed by local stakeholders in East Sussex.

The increased importance of business support is only likely to grow over the coming years as we emerge from the Covid-19 crisis and adapt to the post EU Transition landscape. It is clear from the messages coming from both Government and SELEP that they consider Growth Hubs will play a central role in this agenda.

For the Business East Sussex (BES) Growth Hub, 2020 has also been a year of transition. As reported to TES last year, in Apr 2020 the delivery of the service was insourced to the Economic Development Team at ESCC in order to:

- Provide the Growth Hub with a more sustainable framework by housing the small direct-funded team within the wider Economic Development, thereby increasing support and capacity;
- Preserve the neutrality of the service;
- Allow for the Growth Hub to respond to the expected national review of Growth Hub structures more easily than if we were already under contract;
- Increase the opportunity to make strategic links with TES/BES and associated stakeholders, as well as increasing joint working and referrals across other teams in ESCC.

2) Progress of the Growth Hub since Apr 2020 and current priorities

Operationally, the transfer of the service to the County Council went smoothly despite the significant challenges posed by lockdown, and the Growth Hub continued to provide a responsive and seamless service to SMEs throughout a period of intense uncertainty and increased need among local businesses.

Having the Growth Hub integrated within ESCC made the service more robust, being able to draw on the wider skillset within the Economic Development Team and be supported by colleagues during a time of unprecedented demand. A small uplift in funding (£30k) for Covid-19 response enabled us to maintain levels of frontline navigator resource and increase the communications capacity of the service.

Since the beginning of the pandemic, enquiries to the Growth Hub have been running at more than double usual rates, with the Growth Hub acting as a conduit for information on the many new schemes released by Government. Nearly 600 businesses have been supported since the beginning of Apr 2020 and we have used the Growth Hub social media channels, mailing lists and regular newsletters to push out up-to-date information on new and emerging schemes on a regular basis.

As well as this core navigational/signposting role, the BES Growth Hub has also:

- Worked with the Better Business for All (BBfA) partnership to develop toolkits for safe reopening and trading;
- Run online webinars with University of Brighton and managed online directory of webinars on our website;
- Rolled out the South East Business Covid Recovery Grants programme, enabling over 170 businesses in East Sussex to apply for small grants;

- Worked with local diversity-focussed organisation to produce videos in 12 community languages on Covid-19 support;
- Worked with colleagues in Public Health on workplace wellbeing schemes and colleagues in Skills on Kickstarter and other employment related schemes;
- Had confirmation of securing funding for two ESF schemes, which will work closely with the Growth Hub providing support on apprenticeships and other work-related qualifications.

As well as the above, several new requirements have recently been announced which the Growth Hub is responding to:

- Through the national Peer Network initiative, we have been awarded £30k and are working with Sussex Innovation Centre and MD Hub to run two small pilot cohorts of peer networking to support businesses improve productivity and adapt to a post Covid and post EU Transition landscape;
- BEIS have announced up to £6.4m in additional funding for EU Transition advice and support directed through Growth Hubs; we are working with SELEP and other partners to ensure this reaches as many businesses as possible;
- We are progressing the procurement of a successor to the Scale Up East Sussex programme through legacy funds secured from SELEP/ERDF. This is due to go live in the New Year and will be adapted to help businesses respond to both Covid-19 and EU Transition.

3) Future direction of Growth Hubs

Members will note from the scope and variety of programmes listed above that Growth Hubs are increasingly being seen by Government as a central plank of the business support landscape. However, in many ways Growth Hubs are still the 'Cinderella' service, receiving minimal budgets and year-on-year funding agreements.

At the Spring budget a review of the business support landscape was launched, with a view to informing the spending review in Autumn. Progress on this review was presented informally to the SELEP Strategic Board on 11 Nov 2020, with the following being noted:

- Government wants to address the fragmented nature of the England-wide business support landscape and see Growth Hubs as crucial for doing this;
- There is a clear desire to see a more joined-up, stable landscape with a standardised core offer across the country and improved comparability between areas; Government's preferred option is for a national framework of support with devolution of delivery to local areas;
- Government wants to see a tiered approach addressing three key constituencies of business: pre-start/start-up, established firms with low productivity but potential to improve/grow, and businesses with potential to demonstrate high growth/scale-up;
- The need for longer term funding is recognised if Growth Hubs are to be able to operate more strategically, although the move to a one-year comprehensive spending review in light of Covid-19 means this will not be addressed in this financial planning cycle; the Spending review 2020 wasn't explicit about the allocation of 2021/22 funding to the Growth hub and this will need to be confirmed over the coming months.

TES representatives at the SELEP Strategic Board meeting held on 11 Nov 2020 noted these proposals and submitted the following written response to SELEP for its consideration and inclusion:

- ***Growth Hubs have a unique role to play within the Business Support landscape. They are the only truly 'neutral' player in a system that includes a wide range of projects and programmes (e.g. ERDF funded projects, Dept for International Trade, Innovate UK, the Universities and their Knowledge Transfer Partnerships etc).*** All of these have programmes to deliver with targets to hit, whereas the Growth Hubs exist to sell the case for business support in general, not one particular project or source of support. Growth Hubs can sell the benefits of ALL the other services and programmes that are available, and (provided they are kept financially and institutionally independent from any other project/service) can refer businesses into all other sources of support with true independence. This is one of the main reasons ESCC took the decision to run the Business East Sussex Growth Hub in-house this year and *we believe that this is the USP of Growth Hubs that we should be pushing and developing going forward.*

- ***Given Growth Hubs' unique role within the business support ecosystem, they need to sit at the centre of any business support landscape and need to be resourced sufficiently to play this central role and to be the 'front door' into all the other services available.*** They are currently the Cinderella of the business support service, and in a number of areas have been linked to other, better funded, programmes (particularly ERDF ones) in order to make the finances work. This then impacts on the independence of the service and undermines the core role of the Hubs.
- ***A more stable funding basis for Growth Hubs would be very welcome – the current situation of year on year funding announcements (which often come very close to or even after year end) is not sustainable and we would welcome longer term funding plans.***
- ***The removal of ERDF funded projects will leave a major gap in capacity in the business support landscape locally.*** This currently funds well received services such as South East Business Boost, Locate East Sussex, South East Creatives, Manufacturing Growth Programme, Low Carbon in the South East and many more. *It will be vital for the UK Shared Prosperity Fund to build on learning from ERDF funded business support programmes and continue to support businesses through the rebuilding from Covid.*
- ***We welcome the increased focus on Growth Hubs by Government but are somewhat wary of what a 'national framework' would mean for an area such as East Sussex.*** The loudest voices in this field can be areas such as the Northern Powerhouse and Midlands Engine, whose business makeup and needs are significantly different to ours. If a national framework is built to the needs of these areas, it could be difficult to implement in more rural areas such as ours. *We would strongly recommend that any national framework is built in a way that allows flexibility for local areas to respond to the needs of their own business environments.*
- ***The profile of business support and/or Growth Hubs needs to be raised.*** The current crisis has actually raised awareness amongst businesses of the help available to a significant degree – in East Sussex we are receiving at least double the rate of calls compared to last year, and many of these are from businesses who hadn't been aware of support before (and this is no doubt similar for our business support organisation partners such as SCoC, ACES and FSB). Anything Government or SELEP can do to build on this increase in traffic to Growth Hubs and continue to raise awareness and profile is welcome.

4) Conclusion

The Growth Hub has continued to deliver services seamlessly and develop these further following its transfer to ESCC within the Economic Development Team at the start of the pandemic. It has forged new and effective linkages both internally and externally.

Growth Hubs will remain central to efforts to support economic recovery and it is quite likely that they will be subject to increasing and changing demands as needs also change. For the reasons stated in the report it is imperative that a flexible Growth Hub delivery model is maintained so that it can adapt to rapidly changing circumstances. Several reviews of the Growth Hub and associated activity and funding streams are underway and will continue well into 2021. SELEP's Strategic Board will be receiving a paper for discussion on the subject at its forthcoming meeting on 11 Dec 2020.

TES is asked to note the key role of Growth Hubs and is invited to add views that may assist its representatives in discussions at the SELEP Strategic Board meeting on 11 Dec 2020.