

Growth Works - Management Update for Q8 (October to December 2022) and Annual Reporting for January to December 2022

To: Business Board

Meeting Date: 13 March 2023

Public report: This report contains an appendix which is exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendix.

Lead Member: Chair of the Business Board, Alex Plant

From: Interim Associate Director of Business, Steve Clarke

Key decision: No

Recommendations: The Business Board is asked to:

Note the Growth Works Programme Year Two Review and Performance Data to Q8 (16 December 2022).

1. Purpose

- 1.1 To update the Business Board on Growth Works Year 2 Annual Programme Review and Programme performance data to Quarter 8 (Yr2) covering the period to December 2023.

2. Growth Works - Programme Performance to Date

- 2.1 The Growth Works Programme Year 2 Annual Review is attached as Appendix 1 to this report which gives more detailed analysis across all indicators. The table below sets out the basic summary for the year 2 performance against the contracted key performance outcomes at the programme level, plus the remaining year 3 balance target to achieve programme end contracted performance:

| Service Line | Year 2 Target | Year 2 Actual (Jan to Dec 2022) | Programme Actual (Feb 2021 to date/Q8 yr2) | Total Programme Targets | Year 3 Targets (to Dec 2023) |
|------------------------------|---------------|---------------------------------|--|-------------------------|------------------------------|
| Skills - Apprenticeships | 449 | 251 | 317 | 1,400 | 1,083 |
| Skills – Learning Outcomes | 748 | 610 | 867 | 1,705 | 838 |
| Growth Coaching – New Jobs | 1,454 | 1,388.5 | 1,527.5 | 3,223 | 1,695.5 |
| Inward Investment – New Jobs | 263 | 349 | 672 | 823 | 151 |
| Grants – New Jobs | 474 | 255 | 694 | 1,220 | 526 |
| Equity – New Jobs | 10 | 14 | 14 | 220 | 206 |

- 2.2 The table breakdowns below are the contracted programme outcomes that have been delivered to end of year 2, further split by Local Authority geography and any in the wider old Local Enterprise Partnership (LEP) outside of Cambridgeshire and Peterborough.

| Growth Works Service delivery | CCC | ECDC | FDC | HDC | PCC | SCDC | LEP Area | TOTAL |
|---|-------|------|-----|-------|-------|-------|----------|---------|
| Growth Coaching: | 66.5 | 55 | 190 | 155.5 | 276.5 | 544.5 | 100.5 | 1,388.5 |
| Investment | 285 | | 18 | | 20 | 26 | | 349 |
| Capital Grants | 33 | 71 | 21 | 38 | 52 | 40 | | 255 |
| Equity Investment | | | | | 14 | | | 14 |
| <i>Skills has no target to achieve for jobs but occasionally creates jobs</i> | | | | | | | | 63 |
| Year-2 New Jobs accumulative total | 384.5 | 126 | 229 | 193.5 | 362.5 | 610.5 | 100.5 | 2,069.5 |
| Year-1 New Jobs accumulative total | 154 | 267 | 81 | 79.5 | 188.5 | 77 | 58 | 905 |
| TOTALS | 538.5 | 393 | 310 | 273 | 551 | 687.5 | 158.5 | 2,974.5 |

| Skills Outcome | CCC | ECDC | FDC | HDC | PCC | SCDC | LEP Area | TOTAL |
|--------------------------|-----|------|-----|-----|-----|------|----------|-------|
| Year-2 Learning Outcomes | 33 | 0 | 79 | 19 | 479 | 0 | 0 | 610 |
| Year-1 Learning Outcomes | 17 | 1 | 44 | 1 | 194 | 0 | 0 | 257 |
| TOTALS | 50 | 1 | 123 | 20 | 673 | 0 | 0 | 857 |

| | | | | | | | | |
|-------------------------------------|----|---|----|----|-----|----|---|-----|
| Year-2 accumulative Apprenticeships | 85 | 5 | 25 | 10 | 116 | 10 | 0 | 251 |
| Year-1 accumulative Apprenticeships | 10 | 3 | 7 | 9 | 30 | 7 | 0 | 66 |
| TOTALS | 95 | 8 | 32 | 19 | 146 | 17 | 0 | 317 |

- 2.3 Growth Works with Skills are working to an improvement plan to address the shortfall in targets during 2023, with a particular emphasis on ESF KPIs. So far this year the team are seeing an upturn in learning outcomes – although the spread of these across the patch needs balancing. The Combined Authority Skills team are working very closely with this workstream to enable the increase in outputs during the final year.
- 2.4 Growth Coaching finished the year solidly, with new capabilities in the team onboarded and engaging the market with notable success, especially with regards to coaching journey completions. The Project Change Request (PCR) with Department for Levelling Up, Housing and Communities (DLUHC) has been approved, and the contractor has acknowledged the volume of the grants remaining to be delivered by June 2023 and is already advertising the revised grant offer to the market.
- 2.5 The Inward Investment team has exceeded the original contract targets for jobs and the number of new to pipeline companies supported, accounting for a great deal of the total programme outperformance in jobs in Year 2. The Inward Investment team closed the year with new stretch targets linked to the additional £400,000 awarded by the Business Board from the recycled Local Growth Funding (LGF).
- 2.6 Capital Grants helped a further 29 businesses meet their growth ambitions with match-funded support for their capital investment programmes. This workstream challenge will be in delivering the full jobs target required with the remaining capital grant funds to be awarded.
- 2.7 The Equity investment workstream had its first deal agreed through the Investment Secretariat and is building strong momentum with a healthy pipeline of companies ready to review for investment during year 3.

3. Growth Works – Future Performance Management

- 3.1 The economic performance of the UK will continue to impact business decision-making, and these factors are reflected in Year-3 forecasts. It is important to note that Growth Works was initially built on the hypothesis that there would be a marked economic recovery following the Covid pandemic. However, due to unrest in Eastern Europe and the effect of the associated increase on energy and food prices and the resulting global cost of living crisis this has not eventuated. As reported at the last Skills Committee and Business Board this has undoubtedly had a knock-on effect with businesses focusing on capital expenditure and core operational expenditure and less on what are viewed as ancillary services. As a result, the volume services of the Programme, Growth Coaching and Skills, both with

performance not meeting required increases in output in the second year of the Programme and a forecasted run rate below required outputs to ensure overall Programme Success in year 3.

- 3.2 Acknowledging this and having explored several options, the final measures for the Contractor to address any potential future shortfalls in performance were to make recommendations for 5 changes to the Programme. These were presented to Growth Co in October 2022 and then to the Business Board and Skills Committee in November 2022, and included:

Overall Programme

Recommendation 1. An overall reduction of 10% in the jobs created target due to the impacts of external macro-economic factors and their impacts on the UK economy.

Outcome: despite acknowledging the change in economic conditions and are weary of the effect on the Programme, this request was declined in favour of keeping existing targets.

Growth Coaching

Recommendation 2. Increasing the jobs to be created from the £3,000,000 European Regional Development Fund (ERDF) funded grant programme from 400 to 1,240.

Outcome: Project Change Request (PCR) agreed to make revenue grants more flexible and not wholly related to growth coaching to make it easier to support businesses and distribute the funds. This was approved by BEIS in January 2023.

Recommendation 3. The Growth Coaching Service would be reduced to ensure it can still service existing clients delivering an additional 707 jobs on top of the 710 (ex-ERDF) created to date.

Recommendation 4. Reallocating £500,000 of Local Growth Funding and 454 jobs from Growth Coaching to Inward Investment. *Outcome:* The re-allocation of job targets and associated budget switch between service lines is being negotiated between GEG and service sub-contractor.

Skills

Recommendation 5. The Skills Service to pivot from focusing on longer term culture change to medium term deliverables to deliver the required learning outcomes, apprenticeship starts and ESF KPIs; this will require both strategic and operational changes at pace.

Outcome: acknowledging that a focus shift was needed to increase results immediately and the sub-contractor has agreed to restructure the Skills Service including the hiring of additional staff focused on engagement with colleges.

- 3.3 From the Prime Consortia Contractor perspective, their Project Management Office (PMO) function will continue to support delivery of services, however, these recommendations were put before the Business Board and Skills Committee to reflect the ability of each sub-contractor to deliver, within existing resources and using current budgets to ensure the strongest possible performance in the third and final year of the programme. They also look to build on our proven strengths and the evident needs of businesses while mitigating current performance risks and challenges.
- 3.4 Furthermore, a Growth Co Programme Management Committee was established in January 2023 to supplement monthly/quarterly Contractual review meetings and to support

the Growth Co Programme Board scrutinize performance delivery of Growth Works. The Committee meets monthly and is made up of representatives from Growth Co, CPCA, Business Board and Skills Committee.

- 3.5 The Growth Works Net Promoter Score (NPS) for Quarter 8 was 62% which is classed as 'excellent' and is comparable with Q7's NPS of 62%. With Growth Works contractors inviting more companies than in previous quarters to participate in the survey, there were 34 responses out of 279 companies which gives a response rate of 12% which is down from the 23% Quarter 7 survey response rate. A copy of the NPS Survey is attached as Appendix 2 to this report.

Significant Implications

4. Financial Implications

- 4.1 There are no direct financial implications.

5. Legal Implications

- 5.1 No legal implications.

6. Public Health implications

- 6.1 No public health implications.

7. Environmental and Climate Change Implications

- 7.1 No environmental or climate change implications.

8. Other Significant Implications

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 – Growth Works Programme Year 2 Annual Performance Review
- 9.2 Appendix 2 (Exempt) - Growth Works Net Promoter Score Quarter 8 (Oct-Dec 2022)

10. Background Papers

- 10.1 [Quarter 7 Performance Update Report](#) (Business Board - Item 3.1).