

## Growth Hub Core Funding 2023-24

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: Key Decision for the Combined Authority Board on 21st September 2022

Forward Plan ref: 2023/008

Recommendations: The Business Board is invited to:

Recommend that the Combined Authority Board approves contingency funding to sustain delivery of the Combined Authority Growth Hub for the period April 2023-March 2024.

# 1. Purpose

- 1.1 To approve the allocation of Business Board 'reserve' funds to cover the annual operational costs to sustain delivery, thus securing the services of the Cambridgeshire and Peterborough Growth Hub for the 2023-24 financial year, in lieu of Department for Business, Energy and Industrial Strategy (BEIS) Growth Hub Funding not continuing.

# 2. Background

- 2.1 Growth Hubs stem from national government policy aimed at delivering a more consistent and quality-driven service for businesses to raise productivity and deliver economic growth across the English regions. In simple terms, they:
- Offer a triage, diagnostic and signposting service;
  - Provide co-ordination and simplification of the business support 'ecosystem' in partnership with a range of stakeholders, across the public, private and third sectors;
  - Shape provision according to local business needs and maintain wider communication channels with businesses;
  - Support delivery of national and regional strategies, policies, and programmes; and
  - Gather 'on the ground' business and economic intelligence to support local and national service provision, and ongoing policy development.
- 2.2 The Cambridgeshire and Peterborough Growth Hub is an integral part of the region's Growth Works Service, which provides an integrated single-front-door offering for high-growth start-ups, scale-ups and start-ups. The service is part of the 3-year managed contract between the Combined Authority's Growth Company and Gateley Enterprise Group (GEG) the Growth Works Contractor, but with the BEIS funding agreement for Growth Hub provision managed by the Combined Authority's Business and Skills directorate.
- 2.3 Since April 2022, the Combined Authority's Growth Hub has received 12,900 unique visitors to its website and directly supported over 2,030 businesses and individuals, directing a further 1,157 on to other relevant support programmes, and helping to contribute in creating 2,864 new jobs through the Growth Works service lines.
- 2.5 Furthermore, the Growth Hub has continued to develop key partnerships with local, regional and national stakeholders through the Business Advisory Panel, and has been particularly valuable in providing intelligence on 'real time' issues and opportunities impacting the local economy.

# 3. Sustaining Growth Hub Delivery

- 3.1 The Growth Hub continues to play an important role in engagement with companies and the wider business community, including delivering new schemes and services, working to provide business intelligence and working in partnership with the government on business

pressures, such as cost of doing business and energy costs, Covid-19 recovery and ongoing issues resulting from the UK's withdrawal from the EU. Additionally, the Growth Hub is well placed to support local authority partners to deliver pre-start and start up provision as part of the Shared Prosperity Fund programmes from April 2023.

- 3.2 Despite this broadly positive picture, the Growth Hub faces ongoing challenges in maintaining and building on the high-quality service which has been developed. At the time of publishing this paper, BEIS has yet to confirm any core funding for the 2023/24 delivery year and the Combined Authority has not received any indication that funding will be forthcoming. This means certain aspects of the Growth Hub offer may need to be reduced or stopped completely, unless additional funds can be secured to sustain delivery of Growth Hub beyond March 2023.
- 3.3 Combined Authority officers have been looking at alternative funding sources to bridge this gap, as the absence of a longer-term funding settlement from BEIS would inhibit the ability of support services to focus more concerted on the strategic issues that matter the most to businesses and individuals. This would be further impacted by soaring inflation, which has been driven by increasing energy costs and is already placing huge pressures on the region's business community at a time where the impact of the pandemic has left many vulnerable.
- 3.4 The current Growth Hub staff are also at risk of redundancy if no additional funding is allocated either from BEIS or the Combined Authority, and no other roles can be found for the staff within the wider Growth Works programme. Redundancy costs may impact the CPCA given that Growth Hub staff were tured across to the service.
- 3.5 Contingency funding is therefore being requested and the Business Board is being asked to recommend the Combined Authority Board approves the allocation of £295,000 from either the Business Board's recycled revenue funds and/or the forecast enterprise zone receipts, to sustain delivery of the Growth Hub for the period April 2023 - March 2024.
- 3.6 Should confirmation of funding for Growth Hub provision in 2023-24 be received from BEIS during the period up to 31 March, then that award of funding will be utilised to continue the service and some or all of the £295,00 contingency from the Business Board will not be used. The details of Growth Hub expenditure items and services, and forecast spend for 2023/24 have been submitted to BEIS (attached at exempt Appendix 1), together with a breakdown of proposed Growth Hub activity for the year (attached at Appendix 2).

## Significant Implications

### 4. Financial Implications

- 4.1 It's proposed that the required funds (up to £295k) be allocated from the Enterprise Zone receipts. This figure is based on the current financial year Growth Hub funding of £268,000 plus a 10% increase for inflation. This could also be funded from the recycled revenue funds, however these are more limited and would not be able to cover future years were the Business Board minded to continue this support in the medium term.

- 4.2 As the table below shows (values in the table are in thousands), there is more than the required £295k available in 2023-24's enterprise zone receipt balance and the forecast annual surplus could support this in the medium-term if required.

| Forecast EZ income and expenditure | 2022/23<br>£k | 2023/24<br>£k | 2024/25<br>£k | 2025/26<br>£k | 2026/27<br>£k | 2027/28<br>£k |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Income                       | -£972         | -£1,009       | -£1,009       | -£1,009       | -£1,009       | -£1,009       |
| Total Expenditure                  | £691          | £833          | £415          | £415          | £415          | £415          |
| Annual (surplus) deficit           | -£280         | -£177         | -£594         | -£594         | -£594         | -£594         |
| Cumulative Balance                 | -£635         | -£813         | -£1,406       | -£2,000       | -£2,595       | -£3,189       |

## 5. Legal Implications

- 5.1 None - the Growth Hub provision is already part of the existing contract with Growth Works, but with a withdrawal clause if funding is not available to the Combined Authority to fund the service.

## 6. Other Significant Implications

- 6.1 The contingency funding would not only sustain delivery of Growth Hub but would secure the on-going services of the Growth Hub team, which employs four members of staff (one Manager, two Business Advisors and one Admin / Start-up Advisor).

## 7. Appendices

- 7.1 Appendix 1 (Exempt) – Growth Hub Expenditure and Spend Forecasts for 2023-24
- 7.2 Appendix 2 – Growth Hub Proposed Activity for 2023-24

## 8. Background Papers

- 8.1 None.