

South Yorkshire Business Support Landscape



Presentation to cover:

1. What is business support and what are we trying to achieve?
2. The current system
 - Core Support
 - Targeted intervention
3. Are we having an impact?
4. Why are we not having a bigger impact?
5. What are we doing?
 - Listening to business
 - Co-design and collaboration
6. What's the art of the possible with our funding?
 - UKSPF
 - RAP
 - Growth Hub
7. Decisions required

Background

Business Support Ecosystem refers (for this purpose) to a system capable of supporting entrepreneurship, enterprise, job creation and growth.









It should support the whole process from the entry of possible entrepreneurs to the continuous support during the lifecycle stages of business.





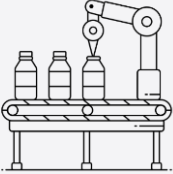



Public sector business support programmes have been developed and refined over a number of years. These are augmented by a wide range of support delivered via the private sector, academia and the voluntary sector, independent sector, which are often addressing a particular market and/or business need.

The system is too complex to fully map and even harder to navigate therefore this presentation should not be considered a complete and definitive view. Consequently, there is a lack of clarity and connectivity across the system.

NOTE: details of Business Support mapping can be found as an appendix to this presentation.



Core Support	 Pre-Start	 Start-up	 Scale-up	 Exit	 Mature
 Soft Support	<div>Launch Pad</div> <div>LA/RAP Business Advisors</div> <div>University spin-out</div> <div>AFCOE Team</div> <div>Networking</div>	<div>Launch Pad</div> <div>LA/RAP Business Advisors</div> <div>Skills Bank</div> <div>TEAMSY</div> <div>Ownership hub</div> <div>AFCOE Team</div>	<div>Scale up 360</div> <div>Supply chain programme</div> <div>Skills Bank</div> <div>Launch Pad</div> <div>RISE</div> <div>LA/RAP advisors</div>	<div>Ownership Hub</div> <div>LA/RAP Business Advisors</div>	<div>LA/RAP Business Advisors</div> <div>Ownership hub</div> <div>Digital innovation for growth</div> <div>RISE</div>
 Physical Infrastructure	<div>Co- working Space</div> <div>Maker Lab</div>	<div>Co- working Space</div> <div>LA Sites</div> <div>SY GIGBIT</div>	<div>SY GIGBIT</div> <div>Clusters</div>		<div>SY GIGBIT</div> <div>AMRC/OLP/DMC</div> <div>Property Support</div>
	Technology/science parks (AMRC, DMC, Sheff Tech, RIDO etc)				
 Funding	<div>Tech Welcome</div> <div>NPIF</div> <div>Start-Up Loans</div>	<div>Tech Welcome</div> <div>Equity Investment</div> <div>Loans/Alternative finance</div>	<div>Productivity grants</div> <div>Loans/Alternative finance</div> <div>Equity Investment</div>	<div>Internationalisation fund</div>	<div>Internationalisation fund</div> <div>AFCOE Team</div>

Focussed Support	 Innovation/ Productivity	 Digital/Tech	 Low Carbon	 Exporting/ International	 Manufacturing
 Soft Support	<div>Business Growth Advisors</div> <div>SIP</div> <div>Made Smarter</div> <div>RISE</div> <div>Skills Bank</div>	<div>Team SY</div> <div>Business Connected</div> <div>Skills Bank</div>	<div>Low Carbon Business Support project</div> <div>Hydrogen BECCS</div> <div>Net Zero Innovation Portfolio</div> <div>TERC</div>	<div>Exporting for growth</div> <div>Export academy</div> <div>DIT</div>	<div>Made Smarter</div> <div>Manufacturing Growth Programme</div>
 Physical Infrastructure	<div>AMRC/OLP</div>	<div>DMC/ Sheffield Tech Park / RIDO</div>	<div>TERC</div>		<div>AMP/AMRC/OLP</div> <div>Maker Lab</div>
 Funding	<div>Innovate UK Smart Grants</div> <div>Productivity Grant</div> <div>DIG</div>	<div>Tech Welcome</div>	<div>Public Sector Decarb</div> <div>Industrial Energy Transformation Fund</div> <div>Green SME</div>	<div>UKEF</div>	<div>Made Smarter</div> <div>Manufacturing Growth Programme</div>



Indicator	Trend in SY
Employment	↑
Unemployment	↓
Redundancies	↓
Economic Inactivity	↑
Job Postings	↑
Poverty	↑
Business Density	↑
Healthy Life Expectancy	↓



Are we having an impact?

We are maintaining our position but failing to move the dial

We are beginning to see some small improvements. However this not transformational or evenly spread across our places and does not suggest we will move our comparative performance relative to other Combined Authorities.

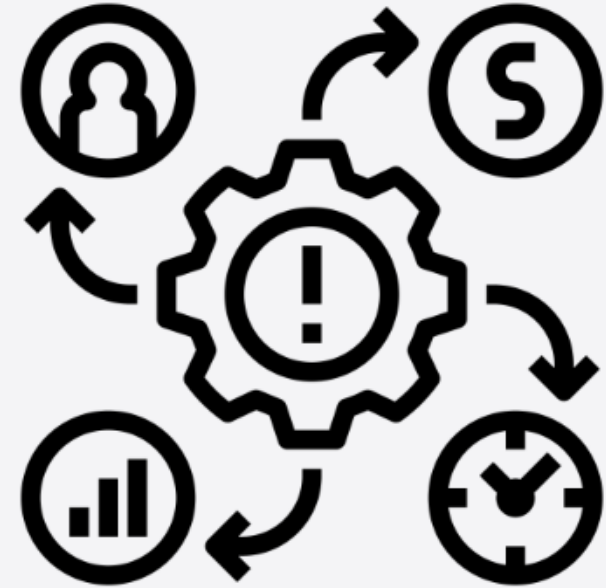
This is creating a lag effect on our economy. **Our growth and productivity rates are some of the lowest in England.** We have **fewer new jobs, lower average wages, and markedly low business density.**

We lack sufficient **high skilled jobs which leads to talent leaking out of the area**, and in turn contributes to a deficit in capable candidates ready to take up the few new jobs that do become available.

Even though the majority of our support is targeting early start business

South Yorkshire has the **smallest proportion of funding happening at the seed stage** but the highest proportion at the established stage when compared to other areas.

This suggests that funding is going to established businesses because SY doesn't have enough dynamic seed businesses. The MCA has a role to provide the enabling conditions for entrepreneurs to prosper to create more of a pipeline of potential high-growth businesses.

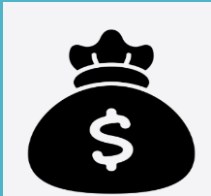


Summary

We need to reshape and refocus the Business support system to meet the challenges we face as a region. This includes focussing on the business life cycle and better integration with Skills and Trade and Investment.

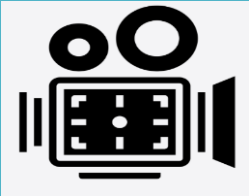
We will be required to do this with a backdrop of reduced funding and uncertain economic conditions.

Why are we not having a bigger impact?



Investment

Primary reliance on ERDF and Growth Hub funding has limited scope of support services and led to generic offers. Additional funding is required to supplement existing offers. Comparative areas are investing gainshare towards filling gaps in central provision. In addition the MCA area has not sufficiently developed future programmes limiting our ability to access additional funding.



Focus

Entrepreneurship provision tends to target high growth tech start-ups, innovative companies and spin outs leaving foundational business feeling ignored or poorly supported. We are not providing enough focussed support beyond a few select areas and mentoring etc is best when it is integrated across sectors to support cross collaboration. Traditional business would benefit from support for digitisation, talent, growth and marketing and accessing new markets



Confusion

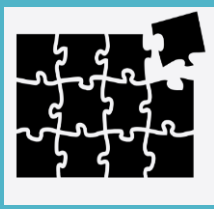
The current system is simply too confusing and hard to navigate. It is not possible for a business to understand how to invest its limited time to achieve the greatest results.



Timing

The challenge is to enable businesses to find the right support, in the right place at the right time and stage. Businesses need support to navigate the multitude of various organisations and schemes on offer.

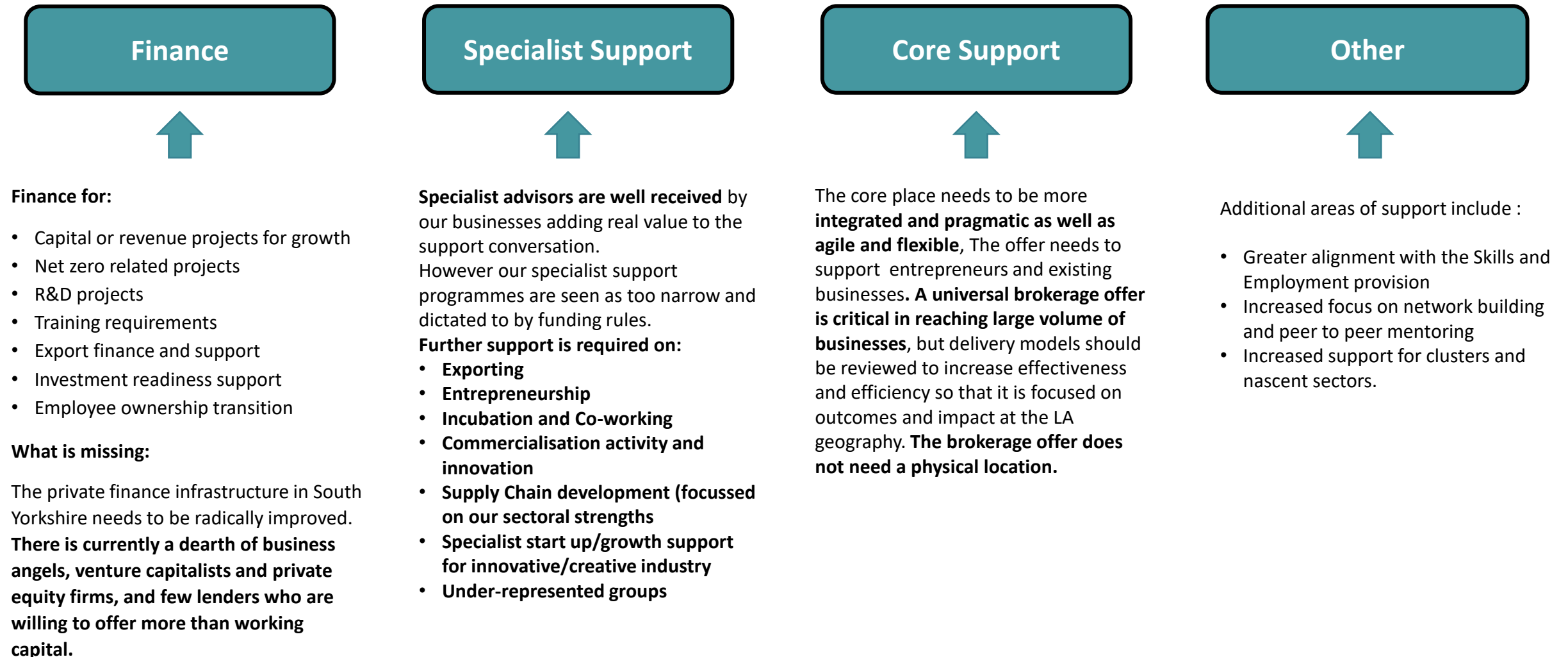
The right support is dependent on the business, its journey, needs and sector.



Fragmented

The current business support eco-system is primarily funded via competitive processes. This does not incentivise cross collaboration between providers reduction in duplication and cross referral between elements. Note: Specialist advisors are having an impact on improving this element.

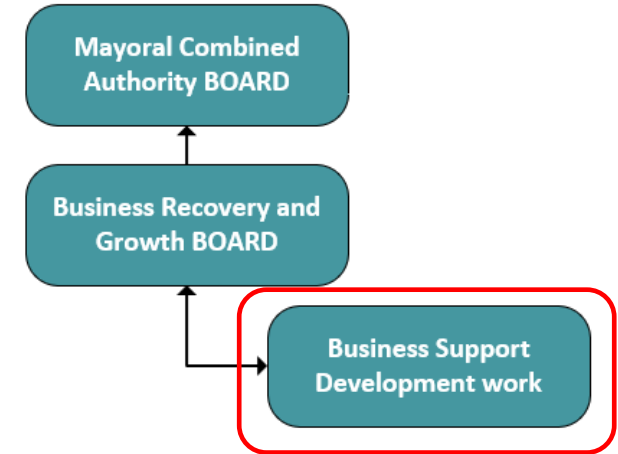
What are our businesses telling us they need more of?



We are working together to design and commission SY focussed interventions for local business and entrepreneurs. We recognise that with reduced funding and significant economic disruption we will need to refine our approach

Foundations of the business support discussion between partners:

- **Balance:** Provision should be innovative and balanced between specialist and core support.
- **Efficiency:** Partners will collaborate across programmes/eco systems and avoid duplication in provision or competition.
- **Sector Focus:** Provision should align with SY growth sectors but all types of business will receive a strong foundational level of support.
- **Business Survival:** Support for entrepreneurs/start-ups, will focused on sustainability and survival, covering both advice and funding (grants).
- **Efficiency:** Greater emphasis on productivity improvements, innovation capabilities, and investment readiness to access external funding opportunities.
- **Growth:** Provision will support accessing new markets (exports but also utilising current capabilities and intelligence on new technologies, market challenges and opportunities to diversify and grow our businesses customer base).
- **Access to finance:** Provision needs to address investment readiness & pitching. In addition support needs to be enhanced to develop the finance eco-system.



Principles underpinning our approach...

1. Strategically aligned regional approach.
2. Lock in local responsiveness and deliver flexibility.
3. Collaborative implementation.
4. Devolved local delivery.
5. Leverage regional advantages.
6. Intelligent and effective deployment.

We are ready to commission core elements

Launch Pad



Cost c£3m Intervention rate: TBC

This will provide entrepreneurs in South Yorkshire with the opportunity to **explore and challenge their business ideas**. It is primarily aimed at those individuals wanting to start a business, and those in the initial stages of their enterprise journey and **will support them up to 3 years of trading**. The programme will have the flexibility to support micro and small businesses (up to 10 staff) who cannot access support through other business support programmes, such as Business Support Specialists.

Productivity Grants



Cost c£9.3m Intervention rate: TBC

UKSPF cost: £5.2m

Business Productivity Grant: The Business Productivity grant will support firms in South Yorkshire to improve their productivity through grants to improve how they capture and measure productivity gains. The root cause of any productivity issue tends to be one of three factors, cost, capacity and response. Resolving them will provide businesses the opportunity to improve their productivity.

Workshops: A number of the partners will develop and deliver interactive workshops for SMEs which will aim to fill in gaps in knowledge and cover a wide range of business development topics.

Net Zero



Cost c£6.2m Intervention rate: 50%

UKSPF cost: 3.6m

The project will provide support for **c260 SME's across South Yorkshire**. Support to businesses to identify, fund and implement low carbon improvements. SME's receiving support will be helped to **tackle barriers to the introduction of efficiency** measures/technologies that reduce energy consumption and carbon emissions. The project will **retain a 50/50 matched grant element** allowing business to respond to the outputs of energy audits.

Specialist advisors



**Cost c £1.6m Intervention rate: 100%
RAP cost: £1.6m**

Specialist advisors are considered essential by our LA partners and have provided expertise to business covering the following areas:

- Organisational diagnostics.
- Strategic guidance and leadership support.
- Operational efficiencies/productivity.
- Sales and marketing.
- Digital IT guidance and solutions.
- Sectoral specific support including retail, culture, creative, digital, financial and innovation.

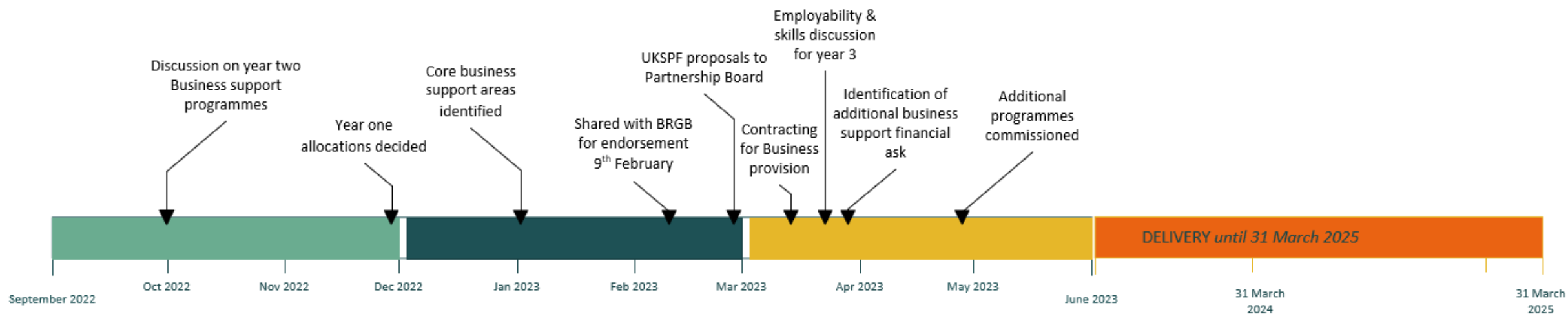
It is anticipated that retention of this provision for a further 24 months will support removal of some specific sector intervention. It should be noted that the focus of advisors by place will be decided by the relevant LA.

UKSPF – Funding and Timing

Less Time and Less Money and a looming cliff edge

- **SY used to receive c.£25m/year under EU funding, whereas UKSPF is c.£15m/year.** This means that the region will struggle to even offer the core services of what it did previously, making growing the economy and transforming economic outcomes even harder.
- SY was set for a windfall if we had stayed in the EU, with the funding set to ramp up to over £100m/year, so **SY is missing out on c.£100m/year compared to if we'd stayed in the EU, or if Gov't had decided to match what we were set to receive.**
- Many of the current Business support interventions are funded via ESIF (ERDF) and therefore will no longer be active as funding for this activity comes to an end.
- **ERDF funded programmes** include: Launch Pad, Scale Up 360, Team SY, DIG , SIP , RISE, and Business Productivity Grants .
- **Timing:** The delayed confirmation of the UKSPF funding means we have very little time to design and commission activity.

UKSPF (Local Business Support)			
	2022-25		
	Capital	Revenue	Total
BMBC	£ 251,705	£ 2,539,538	£ 2,791,243
DMBC	£ 309,498	£ 3,122,631	£ 3,432,129
RMBC	£ 244,655	£ 2,468,411	£ 2,713,066
SCC	£ 537,913	£ 5,427,189	£ 5,965,103
SY	£1,343,772	£13,557,768	£14,901,540



We have options to fund additional intervention

SPF will just about keep going the good stuff that's been happening. However, this is only going to keep us where we're at or marginally move us forward, without addressing the significant and entrenched issues in our business support ecosystem. So, if we do want transformational change, we are going to have to think carefully about how we deliver and fund intervention.

Specialist Support



There are a number of additional needs that would be valuable, these areas include the following :

- **Acceleration programmes:** Estimated cost £3m with private sector match
- **Entrepreneurship and intrapreneurship:** £1m
- **Early-stage finance:** (in flight proposals)
- **Coworking space/incubation:** £1m Capital
- **Culture and creative programmes:** £1m
- **Innovation Activities:** £2m
- **Ownership Hub models:** £1.4m
- **Supply Chain:** TBC

NOTE we have no identified funding source

Growth Hub



South Yorkshire Growth Hub aims to be the single point of contact for all business support across our region.

It aims to simplify all the regional and national business support that is available to businesses.

The funding for this provision is at risk with a 50% reduction in 2021/22 and no confirmation has been made for the upcoming fiscal year.

Discussion is required as to its value, delivery model and appetite for its retention. **Are we better using this funding in an alternative way ?**

RAP programmes



To date £2.24m of the initial £6.91m has been committed. There are further proposals to fund specialist advisor provision for £1.6m. **This will leave c.£3m of the initial allocation not yet committed.**

There is an opportunity to use this funding to help support gaps in provision as a result of ERDF programmes coming to an end.

**Overall Funding Gap
£7.4m**

Decisions Required

BRGB Members

1. BRGB endorse the current proposed areas of focus for UKSPF ?
2. Does the BRGB support the UKSPF group to move ahead with commissioning the outlined programmes?
3. Does the BRGB endorse a further discussion on additional support needs and funding at the next BRGB?