

## Appendix 2 – Alternative models for delivering business support.

### 1. The WEST YORKSHIRE GROWTH HUB MODEL (WYCA)

The West Yorkshire Combined Authority have used several sources of funding to develop their team of business support advisors, including:

- BEIS Core Funding.
- EU/ERDF funding – matched with the above.
- Local Authority contributions for some advisors.

Some of WYCA's BEIS core funding is used to pay for 50% of the salaries of 12 SME Growth Managers (advisors – equating to 10.5 FTE) with the remaining 50% being provided by the local authority partners.

European funding (ERDF) provided an opportunity to expand the amount of business advisors employed in West Yorkshire (known as SME Growth Managers) with BEIS providing the required match of 50%. This allowed WYCA to employ an additional 9 Growth Managers (FTE) taking the total number of growth managers to 21. WYCA underwrote the BEIS match for 2022/23 whilst waiting for confirmation of the core BEIS funding for the next financial year. WYCA have successfully applied for an extension to their ERDF grant, which will now continue until 2023.

WYCA have indicated that the funding model can be problematic if a BEIS funded growth manager leaves but will only be an issue if several left and it took a long time to replace them. The average salary for advisors is between £35-37k.

#### Key performance indicators:

BEIS funded growth managers are treated as **generalists** and have a target of providing 3 hours of support per business on a range of services including referrals:

- Signposting to other relevant schemes
- Advising and assisting businesses with grant applications.
- An additional 1 hour of support/intervention were required.

Overall, advisors have a target (from BEIS) to engage at least 60 businesses, based on an in-depth diagnostic or to provide an additional meeting, if they engaged with the client in the previous year. They also have an ERDF target which is 3 hrs of engagement per business.

Advisors which are fully funded by ERDF have a target of 12 hours of support and need the skills to do more intensive support with a business.

With some growth managers partly funded and employed by local authorities, this can mean they are involved in supporting other local programmes and initiatives, however this limited as they need to report on funded activity, by external funders.

In addition, WYCA are very keen to make their business advisors/SME Growth Managers part of the overall WYCA business support/Growth Hub team. Hence, a project support officer is employed to coordinate activity and manage the BEIS and ERDF contracts, including reporting outputs, facilitating monthly advisor/growth manager meetings and to organise and deliver quarterly events for the SME Growth Network, attended by partners, external bodies and often with keynote speakers.

An evaluation on the Growth Service is done annually for BEIS, along with an interim evaluation for ERDF requirements. WYCA also lead on evaluation across the Growth Hub Y&H cluster. This is the first time WYCA will be doing this for the cluster.

### **Total Cost:**

For the calendar year (2021/22), WYCA will be paying a total of £1,042,000 for the salaries of their SME Growth Managers, (figures also include on-costs and some p/t support activity).

### **Advantages**

- External funding from ERDF and local authorities has enabled WYCA to significantly expand their provision for business support/advice to businesses in the area.

South Yorkshire will be limited in terms of leveraging in additional funding to expand business support provision in the medium term, due to the end of ERDF and delays in UKSPF (UK Shared Prosperity Funding).

- Local authorities providing 50% of funding for advisors in their districts has enabled them to ensure more of their local priorities and initiatives can be supported.
- The wider network of business support provision has helped the Growth Hub in West Yorkshire to offer more flexibility, with both general and specialist advice available to SMEs, according to their needs.

### **Disadvantages**

- ERDF can /has been overly restrictive in providing support to certain sectors e.g. restricting support to retail or agricultural businesses or non-SMEs. With the pandemic/lockdown having a disproportionate effect on the retail and hospitality sectors in South Yorkshire, this model would have proved unnecessarily restrictive, in some instances.

## **2. The LIVERPOOL LEP GROWTH HUB MODEL**

Similar to the West Yorkshire model, Liverpool Growth Hub have a multi-funded approach to delivering business support in their region.

The Liverpool City Region is of a similar size and scale to the South Yorkshire economy and is often used as a comparator for economic analysis.

Liverpool LEP's **Growth Platform** (GH) is a joint venture between the Combined Authority and the LEP. A hub and spoke model is operated with 6 local authority (LA) areas and an additional spoke that serves hard to reach communities and businesses. Their annual BEIS funding is £780k, which is matched with ERDF (extended to 2023).

The LEP tenders for business support with either a LA or a Chamber of Commerce delivering in each area. An example of this is delivery is in the Wirral – where the Growth Hub procured a delivery partner for business support, rather than an individual. Hence, recruitment becomes the responsibility of the delivery partner, and may be one individual or a team. Typically, each partner's KPIs includes engaging with at least 500 business per quarter with a proportion of this being new start-ups or high growth firms.

Business advisers are paid either via the BEIS core funding, ERDF which funds up to 50% of Growth Hub activity, or a combination of both. They also leverage LA funding to support business resilience programmes. Advisors in each partner organisation can be generalists or specialists depending on the business need.

The Growth Hub employs 8 permanent advisors, including a project manager, procurement specialist and a CRM manager. They also have staff focusing on high growth sectors, along with a 'scaling up' team (based on the North East model).

A key focus of support is on 5 high growth sectors, with businesses in these sectors prioritised. Activity also focuses on foundation sectors such as the Visitor Economy. Skills Brokerage is promoted through the GH but funded by ESIF. Similarly Careers and Enterprise programmes come under the GH umbrella but funded elsewhere.

Also, each contracted delivery partner is contractually required to use the GH's CRM system. In this case the Evolutive portal. All reporting is based on by BEIS's reporting requirements. Online diagnostics are undertaken for light touch/medium/high.

There are up to 150 partners delivering business support across the city region. Although not contractually obliged, all input into CRM which gives the GH and its partners a bigger picture of what is being delivered, where and to whom. If bidding to be a partner it is mandated that they work with the GH.

Finally, the Growth Platform is a resilient model and has taken 6 years to develop. Delivery partners were procured /commissioned with the knowledge that business support funding through BEIS is not guaranteed, with the potential to reduce activity and provision if core funding was stopped or reduced.

### **Advantages**

- As above, external funding has allowed the Liverpool City Region Growth Hub to scale-up their business support provision far beyond what would be affordable through their core Growth Hub funding grant (which is of a similar scale to South Yorkshire).
- The model includes a mixture of generalists and specialists, some employed inhouse or procured via delivery partners.
- The commissioning of delivery partners to deliver business support can be advantageous in driving delivery if strong performance management is achieved. If not, quality management of services can become an issue.
- A larger network of business support has allowed Liverpool's Growth Hub to provide a full wrap around service of support, with different tiers of intervention and sectoral specialists to deliver a more tailored service based on the economic priorities of the region.
- The funding model developed by Liverpool appears to be relatively resilient, allowing operations to be both scaled up or down, according to the outcome of funding bids etc.

### **Disadvantages**

- As mentioned above, ERDF and external funding regimes can often be too prescriptive in the types of sectors that can be supported.
- Also, managing quality, consistency and communication in service provision can be harder to achieve with over 150 delivery partners employed under this approach and will require more management time/resource to achieve effective delivery of services.