

Agenda Item No. 6(h)

DERBYSHIRE COUNTY COUNCIL

CABINET

20 December 2018

Report of the Strategic Director – Economy, Transport and Environment

D2N2 GROWTH HUB 2.0 (ECONOMIC DEVELOPMENT AND REGENERATION)

(1) **Purpose of Report** To seek Cabinet approval for £121,620 match funding over three years towards the proposed “D2N2 Growth Hub 2.0” project to provide enhanced business support to promote economic growth and to give delegated authority to the Strategic Director – Economy, Transport and Environment in consultation with the Cabinet member – Economic Development and Regeneration to agree and sign any necessary partnership agreements.

(2) **Information and Analysis**

Background

At the Cabinet meeting held on 3 November 2015, approval was given to provide £36,000 to support the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Growth Hub project (Minute No. 49/15 refers). The project involved the Council working with partners across D2N2 in further developing the Growth Hub Information, Diagnosis and Brokerage (IDB) model supported by European Regional Development Fund (ERDF) resources. Council funding was specifically required to deliver enhanced local services across Derbyshire to ensure full coverage of business support via the Growth Hub to all small – medium enterprises (SMEs) in the County.

At the Cabinet Member Meeting – Economic Development and Regeneration on 20 September 2018, approval was given to contract the D2 (Derby and Derbyshire) Business Advice Growth Service (D2BAGS) as part of the Growth Hub offer and authorised the Council to enter into a collaboration agreement with Nottingham City Council as accountable body for the full ERDF project.

Following a call for projects under ERDF Priority Axis 3 (SME Competitiveness) in May 2018, the Council, via Derbyshire Economic Partnership (DEP), worked with partners to develop a further project “Growth Hub 2.0” that would enhance delivery of the original ERDF model. The project application also includes a Digital Business Grant programme which will

further develop the current scheme being delivered by Digital Derbyshire, in partnership with East Midlands Chamber and D2N2 partners through ERDF Priority Axis 2 (Enhancing Access To and Use of ICT).

The D2N2 Growth Hub 2.0 project is currently being appraised by the Ministry of Housing, Communities and Local Government (MHCLG) with a decision due before the end of the calendar year.

Existing Growth Hub Project

The current D2N2 Growth Hub is one of 38 such hubs established by Local Enterprise Partnerships (LEPs) across the County. It provides a single portal for all business support activity and a locally focused, expert, impartial advice and support to help businesses grow.

The D2N2 Growth Hub model is based on the IDB model and consists of a core service to all SMEs across the region with support provided via a dedicated website, enquiry line and events programme. The model is augmented by enhanced local services where match funding has been provided (e.g. Derbyshire Dales and Chesterfield) which enables key account management of the IDB service. Within Derbyshire, this is currently contracted out through the D2BAGS.

Output figures for Derbyshire to October 2018 are as follows:

• Total businesses engaged via IDB	2,520
• Businesses assisted (for a total of 3 hours)	754
• Businesses assisted (for a total of 12 hours)	124
• New enterprises supported	13
• Jobs created	15

Proposed Extension to Growth Hub (2019–2022)

By extending the existing Hub for a further three years to 2022, it is anticipated the resulting 'Growth Hub 2.0' will deliver:

- An enhanced core service: a dedicated first point of call and referral service for business support (virtual, phone line, digital and physical). This will offer referral to both local ERDF and non-ERDF funded activities, regionally via the Midlands Engine and nationally to bodies such as the Department of International Trade (DIT) for export advice. Activity linked to recent trade missions and international relationships will feed into this area of work.
- A localised, SME intensive support programme (grants, one-to-one and small group advice, and workshops).
- D2N2 LEP-wide, targeted support (workshops and grants) for SMEs to improve use of digital technology in their business, including the provision of a digital grant scheme.

- A core co-ordinated service via a Growth Hub Manager, Partnership Manager, and ERDF Accountable Body service including:
 - An information, diagnostic, and referral service.
 - Grant scheme management and administration.
 - Access to a wider network of business support providers via referral mechanisms.
 - Marketing activity to increase awareness of the business support offer.

Referral will be to whichever source of support and funding is most suitable for that company following an individualised, diagnostic process to assess the needs of a business and identify the most appropriate referral route that will increase business resilience, productivity or growth (the “no wrong door” principle).

Enhanced local services in match-funded local authority areas supplement this core offer. In these areas, tailored support to local businesses will be available via dedicated Business Advisers providing intensive one-to-one support. These services will complement, not duplicate, local or national support programmes. In addition, in non-match funded areas, support will be available through the core.

The Business Advisers will deliver the information, diagnostic and brokerage service, with most initial enquiries being picked up through an enquiry team. This continues the successful delivery of the existing Growth Hub with the following new elements added as a result of feedback from customers and partners. The new elements include:

- 1) Grant scheme - will offer grants ranging from £4,000 to £20,000, building on the success of the current Priority Axis 2 (PA2) Digital Business Grants scheme being delivered by Digital Derbyshire across the county, in conjunction with East Midlands Chamber Ltd.

Enquiries for grants outside the above amounts or for specific funds (e.g. low carbon) will be referred to appropriate services. Should they be unable to support these enquiries, the Growth Hub will consider these as exceptional requests.

- 2) Support and advice - provided to SMEs wishing to start or expand via a gateway service signposting to the Government's DIT.
- 3) Business related events and strategic workshops will be provided and will deliver:
 - 48 awareness-raising events attracting between 20-60 delegates per event (almost 3,000 delegates and businesses);

- an annual Business Growth Conference for up to 300 business delegates; and
- 340 full-day action-planning workshops, delivered to 15 owner-managers.

Growth Hub 2.0 aims to capture as many local businesses as possible through the single portal, identify those with real growth prospects and direct them into the next appropriate strand of support.

- 4) Information and guidance – businesses will begin their growth journey by receiving information and guidance through the enquiry team, attending an awareness-raising seminar or a full-day action-planning workshop. As they progress, the support they receive will become more in-depth and bespoke. Dedicated support delivered through the Growth Hub Adviser Team, will help improve access to finance and will help implement technological change within their business.

Ultimately, this targeted activity will help improve business competitiveness and productivity, encourage employment generation and increase Gross Value Added (GVA).

Enhancing the Growth Hub 2.0 Model for Derbyshire

The proposal for Growth Hub 2.0 will enable a more direct approach to extended business support services across D2N2 (these were previously provided through an external contractor).

To ensure Derbyshire businesses benefit to as full an extent as possible, it is proposed the DEP (managed via Derbyshire County Council) provides a key account management role for local SMEs, with DEP officers acting as Business Advisers. This will complement and supplement the Growth Hub's core offer and will add significant value to DEP's current level of activity. In practice, the project will deliver an investor development service, targeting those Derbyshire businesses which are ready and ambitious to grow but not yet growing at the rate necessary to qualify for either national or D2N2 support. Coaching and mentoring services to young businesses will bridge the gap between start-up support and development/mainstream support.

Should the extension to Growth Hub 2.0 be approved by Government, it is anticipated that two fixed term contract officers will be required to deploy the activity on behalf of DEP: 1 Full Time Equivalent (FTE) Business Adviser and 1 FTE Monitoring Officer. The staff would work with the D2N2 Growth Hub core service on a daily basis to ensure the customer journey is as streamlined as possible. Regular liaison would take place with other business support providers, business representative organisations and district/borough councils to ensure support is effective and avoids duplication. Progress and performance reports will be provided to the DEP Board on a quarterly basis.

If approved, the proposed D2N2 Growth Hub 2.00 project will operate from 1 April 2019 to 31 March 2022. The total value of the LEP-wide approach is £12.1m, of which the Derbyshire element is £243, 240. Whilst 50% of the cost of the Derbyshire element is to be funded via ERDF, the other 50% (£121,620) requires local match funding over the three year period; this results in an exceptionally strong leverage ratio of 1:100.

(3) **Financial Considerations** The indicative profile of the proposed match funding contribution is £40,540 per annum across the three years of the project. The contribution will specifically support the extended local DEP services detailed in the report. Subject to approval, the financial contribution will be required from April 2019 for three years and can be met from the Economy and Regeneration Budget.

(4) **Legal Considerations** The project remains subject to MHCLG approval which is expected by the end of 2018. Following approval, a partnership agreement will be required between the Council and the accountable body (Nottingham City Council) similar to the agreement in place for the current Growth Hub project.

(5) **Human Resources Considerations** The proposed model for delivery of the extended local service through DEP includes the establishment of two fixed-term posts: 1 FTE Business Advisor and 1 FTE Monitoring Officer for three years (March 2019 – March 2022). This is subject to funding approval contained within this report and detailed Job Evaluation. Appointments made will be subject to the provisions contained within the Council's Guidelines to the Management of Fixed-term Employees and also in accordance with the Council's Recruitment and Selection Procedures. The provisions of the Council's Redundancy, Redeployment, Protection of Earnings and Buy Out of Hours Policy would be implemented at the end of the relevant fixed term contract(s). Every effort would be made to redeploy the employees when the fixed term contract(s) end. Further details will be provided within a subsequent report.

(6) **Social Value Considerations** The project will support businesses to grow and improve their productivity and create local employment opportunities within Derbyshire.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

(7) **Key Decision** No.

(8) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(9) **Background Papers** Held by the Economic Regeneration Service within the Economy, Transport and Environment Department. Officer contact details – Frank Horsley, extension 38348.

(10) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 10.1 Approves £121,620 match funding over three years towards the proposed "D2N2 Growth Hub 2.0" Project from the Economy and Regeneration budget.
- 10.2 Gives delegated authority to the Strategic Director – Economy, Transport and Environment, in consultation with the Cabinet Member for Economic Development and Regeneration to agree and sign any necessary partnership agreements, subject to project approval.
- 10.3 Approves the recruitment of 1 Full Time Equivalent Business Advisor and 1 Full Time Equivalent Monitoring Officer on a fixed term contract basis until 31 March 2022, subject to appropriate job evaluation and in line with recruitment and selection policy.

Mike Ashworth
Strategic Director – Economy, Transport and Environment