Northampton Waterside Enterprise Zone Skills Strategy – Appendix 2c

Report 5: North West Business Growth Hub Case Study

Northampton Borough Council
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A report submitted by ICF GHK

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1 Tailored diagnostic and brokerage – the North West Business Growth Hubs case study

1.1 Introduction

Headline messages

Challenges
- One of the key components for driving improvement in business performance is in part raising the demand for business advice, information and support.
- Business support can be highly fragmented, complex and difficult to access and navigate, resulting in a shortage of demand.
- Challenges facing businesses: a lack of trust in providers, difficulty in knowing where to turn to for support, diagnosing their own business requirements, identifying the full range of services they actually need; and understanding the benefits of support.
- Support agencies criticised for lacking a clear approach of engaging with businesses, understanding their needs or signposting to appropriate support provision.
- A key challenge for local providers is to establish infrastructure and/or mechanism to help ensure business support is coherent, simplified and co-ordinated.

A potential solution
- **Business Growth Hub model:** a demand led ‘wraparound’ IDB service which offers business needs analysis, diagnostics through to provider referral and the development of bespoke support solutions to address specific needs and barriers to growth.

Benefits delivered
- Key benefit of providing brokered services is likely to be that they are demand led – and feed from what business support requirements employers have in a locality.
- Effectively engage businesses and develop their trust to drive up demand for products
- Direct support towards local businesses with growth potential, by bringing businesses and services together.
- Job creation, new business start-ups, up-skilling, business growth (GVA, etc)
- Act as a conduit for potential further funding.

Key lessons and building blocks
- **Understand the business support landscape** – through an audit of commercial services and public sector business support programmes currently available
- **Articulation of demand through research and intelligence** - identifying current and future problems in the context in which they operate, and establishing key priorities to address identified gaps and shortages.
- **Hub development** - Build on existing expertise and infrastructure: e.g. operationally many of the processes of Business Link, not least the call centre, IDB service, product offerings, events, networking and one to one support have been developed and are understood both by the market place and suppliers.
- **Marketing and branding** – raising the profile of the business support offer to employers
- **Diagnostic and information, advice and guidance** – build trust through provision of impartial (and free), IDB, identifying appropriate provision, identifying appropriate funding, facilitating and supporting the interaction between business and providers and providers and providers.
1.2 Case study purpose

The rationale for the case study approach is outlined in Section 1.1 of the Executive Summary and Report 1: National and local skills context. **The purpose of this case study** is to review the Business Growth Hub initiative that engages businesses via support on a wide range of business problems, utilising specialist diagnostic and brokerage models to deliver a comprehensive and tailored range of support and information to businesses.

1.3 Case study rationale

The abolition of the Regional Development Agencies and advisor component of Business Link has changed the regional business support landscape, naturally resulting in the loss of structures that were responsible for co-ordinating and managing the delivery of business support within regions. Sub-regional and local provision has also developed in response to the new national policy initiatives identified above and funding streams, such as the Regional Growth Fund, European Regional Development Fund, European Social Fund and Skills Funding Agency programmes.

As highlighted in Section 4 there is no shortage of supply of skills, training and business support services on offer at the local level, with support coming from public, private and third sector sources, including banks, accountants, consultants and government agencies. As highlighted during stakeholder interviews and at the two Skills Strategy and Action Plan Workshops help in January and February 2013 there is concern however, that the new local approach could pit different business support suppliers against each other, and there is a potential danger that their priority is to chase businesses to get them to ‘sign up for specific services’, without understanding the larger picture.

A key challenge for the two Local Enterprise Partnerships and partners is to establish frameworks to help ensure business support is delivered in a coherent, simplified and co-ordinated manner. Indeed, Lord Heseltine (2012) in ‘No Stone Unturned in the Pursuit of Growth’ proposes a radical improvement to how businesses are engaged and supported at the local and sectoral level, suggesting a coordinated business support infrastructure that is led by the private and offers easy access to trusted business support and advice.

Business Growth Hubs offer a potential delivery model to address this recommendation, whilst providing a useful mechanism for:

- effectively engaging businesses, diagnosing their problems and brokering an effective support response; and,
- building trust through non-skills support to businesses which can be developed into skills support applicable to the business.
### 1.4 North West Business Growth Hubs

**What is a Growth Hub?**

The North West of England is on the first areas to pilot the Business Growth Hub support model. The region’s Local Enterprise Partnerships (LEPs) have endorsed the development of Business Growth Hubs in the North West to support and accelerate business growth; key to the creation of jobs and increased GVA.

A key driver has been the North West ERDF Programme which allocated up to £15m through its Operational Programme to fund the establishment and delivery of a number of sub-regional Growth Hubs across the region:

1. **Cheshire and Warrington** – private sector led Growth Hub
2. **Greater Manchester** – public / private ‘not for profit’ partnership
3. **Lancashire** – public sector led Growth Hub

The Growth Hub is **specialist demand led wraparound business support programme** that aims to accelerate the creation and growth of sustainable high growth ventures. As in the case of the Cheshire and Warrington Growth Hub it operates from a central hub with satellite offices across each sub-region. The Hub provides **a single access point to a tailored package of diagnostic, advisory and coaching and mentoring services** and access to a range of partner services (e.g. finance, marketing, legal, ICT, leadership and management training, investment readiness advice), specifically targeting the support and business growth needs of firms with high growth potential.

The Hubs have a broad remit and use a range of solutions and business support activities to support companies with the ambition and potential to grow. At the heart of the Business Growth Hub model is an extensive partner network, members of which are committed to helping businesses to grow, including Technology and Innovation Centres, UK Trade and Investment Services, Business Angel Networks and venture capitalists.

The form of Growth Hubs is not prescribed, but they are generally set up as a combination of a website/telephone portal, online support, a core team of advisors / account managers that help guide businesses seeking help to a range of programmes and providers of services who might be able to assist them (e.g. relevant business training events and networks and one-to-one advisory and mentoring services).

**Summary of key activities**

The following illustrates the broad range of services that are provided by the Hub’s:

- **Client Engagement/recruitment:** including ‘taster sessions’ with a focus is on informing businesses of the flexibility and ‘tailored’ aspects of the support package, as well as promoting the opportunity to network with providers and other businesses.

- **Knowledge Hub:** central call centre that handles all referrals, undertakes basic signposting and tracks SME client demographics, services required, solution identified and actions completed to support the client

- **Specialist Information, Diagnostic and Brokerage (IDB)** Face to face IDB activities will be based on established assessment processes (examples being RIPEN, SWOT/PEST) which results in the preparation of an Action Plan for each client. Referral to specialist services - including the national Growth Accelerator and specialists offering leadership and management training and innovation services that focus on IP and innovation skills.

- **Entrepreneurship and Leadership Development programmes** aimed at stimulating higher levels of start-up activity, growth and improved productivity within SMEs.

- **Business Advisory Services** including skills – either to fill a skills gap or to recruit
new employees, succession planning, start-up training, business planning, etc

- **One to One specialist Business Coaching and Mentoring**, which includes leadership and management. The Hub operates a mentoring service where clients are carefully matched with a mentor who will provide pro-bono advice and guidance to clients. The support is designed to develop new skills and expertise, stimulate new thinking in dealing with challenges, and to enhance networking opportunities.

- **Skills Development** This includes activities aimed at encouraging the take-up of training and education linked to career opportunities in priority sectors. This forms part of wider package of intervention rather than a stand-alone skills-focused project.

- **Growth Groups** - Directly, and in partnership with external providers (e.g. Academy of Chief Executives) the Hub also offers peer-to-peer growth groups

**Client journey**

Figure 7.1 outlines the ‘**client journey**’ for the Growth Hub based upon the expected business journey of a participant. The process commences with marketing and/or referral of a business to the programme, subsequent application processes and, if successful, a business diagnostic as the basis for the programme of business advisory services, coaching and mentoring and other specialist business support elements.

**Funding lessons from the Cheshire & Warrington Growth Hub**

Funding to establish and deliver the Hub up to July 2015 was sought from a mix of sources, including c: £3m Northwest European Regional Development Fund, £2.7m from private sector contributions and £300k from public sector partners. There is also an additional £1.5m Growth Accelerator component to the scheme. The costs for the running of the Hub and IDB service over the lifetime of the scheme will be approximately £730k. There will be no revenue generated by the project, as there is no payment made by SMEs to any delivery partner for the service.

**Impacts and benefits - performance to date**

Each Growth Hub is in the early stages of delivery very few outputs and outcomes have been delivered to date, however each will deliver significant local economic impact. For example, the Cheshire and Warrington Growth Hub aims to create 1,000 new jobs, safeguarding 270 existing jobs, the creation of 170 businesses and assisting 85 people into employment. The Growth Hub aims to deliver support to over 900 businesses. The Greater Manchester Growth Hub has witnessed an increase in business engagement. The
Hub has engaged with 1,193 Manchester clients and there have been 1,200 Manchester attendees at Hub events (some have attended more than one event). In terms of specific services, 701 clients used UKTI and 107 MAS (Jan – Oct 2012).

1.5 Why a Growth Hub for Northampton – the potential benefits?

There are a number of advantages to establishing a ‘business growth hub’ in the Northampton in order to meet the employment, skills and growth needs of existing and potential businesses on the enterprise zone and within the wider SEMLEP and NEP areas

- **Strategic:** The Growth Hub meets with national economic goals to assist private sector recovery by unlocking private business potential, driving business growth and employment generation in order to stimulate economic growth and create new, sustainable private sector jobs.

- **Economic impact** - by increasing business start-up and survival rates; generating new private sector jobs (and safeguard existing jobs); contributing to SEMLEP and NEP GVA targets through improved business performance and competitiveness (e.g. GVA from new / improved products).

- **A more skilled, adaptable and entrepreneurial and enterprising workforce:** The Growth Hub model aims to develop entrepreneurial solutions that are responsive to emerging and fluctuating business needs. The Growth Hub brokerage service provides a more active opportunity for relationships to be established with businesses. A key impact of this support on employers could be their ability to have a more skilled and adapted workforce and in maintaining, developing and implementing training processes – including re-focusing training resources and reducing skills shortages and gaps.

- **Co-ordinated an integrated business support offer through effective IDB model:** one of the key benefits of the Growth Hub is that it aims to deliver added value by addressing the increasingly fragmented and complex business support offer that is evident across many LEP areas to ensure local businesses can find the public or privately funded business support which best meets their needs. The Hub will be a practical demonstration that Northampton is committed to business and enterprise and has the service to nurture and grow local businesses.

- **Effective business engagement:** Having identified barriers to growth and potential solutions many businesses still fail to proceed with addressing these issues as they lack the resources (financial, managerial or time) to properly engage with business development solutions. The Growth Hub seeks to address this issue by providing resource to encourage businesses to embark on the business development process. This takes the form of vouchers or loans which cover the cost of initial support and demonstrate the business benefit of engaging in this activity.

- **Mechanism to improve intelligence on business needs, barriers to growth and solutions** – the Business Growth Hub model provides an umbrella mechanism to clearly understand the needs of businesses and deliver a support service that effectively meets demand through effective, and practically based solutions.

- **Increase demand for services and increased trust in service offer** – one of the key benefits of providing brokered services is likely to be that they are demand led – and feed from what skills requirements employers have in a locality. Similarly, employers are able to get access to information and knowledge on new standards and are often linked to broader business support offers.

1.6 Opportunities for local replicability

There are a number of local initiatives and support networks that offer the potential to be formalised into a Northampton Business Growth Hub. An initial review of providers of business support and skills provision highlights that there is a broad coverage in the area surrounding the Enterprise Zone, through private sector provision (e.g. A4e and Ingeus) and
higher and further education provision. Skills provision is likely to be further enhanced through the new University Technical Colleges which are to open in 2013. The research and interviews have identified the importance of not looking at skills in isolation and that it is important to understand the wider support needs of businesses.

There is evidence of activity to co-ordinate business support activity across Northampton, including collaboration between key business support organisations, such as the Northamptonshire Enterprise Partnership, Northants Chamber, Federation of Small Business, etc for intelligence regarding business support needs and challenges. The three Further Education Colleges of Northampton College, Tresham College and Moulton College also work in partnership within the Federation of Northamptonshire Colleges.

### Northamptonshire Enterprise Partnership (NEP)

NEP is putting in place infrastructure to help develop and strengthen the county’s proposition for new investment by UK and overseas owned businesses with a particular focus on the Engine of Growth and Logistics sectors. Providing a strong ‘front of house’ enquiry response point, NEP aims to build and develop a ‘virtual sales team’ of Ambassadors and other partners to assist with the strong presentation of Northamptonshire and its offer.

The NEP is currently working with a range of partners (e.g. local colleges, sector skills councils, the University of Northampton and local authorities) and has identified a set of target priority interventions, including working with Solutions for Business, East Midlands Business and others to identify an approach that provides tailored business support packages for High Performance Engineering (HPE) in Northamptonshire; and establish a clearer picture of education pathways into the HPE sector for use by teachers and career advisers.

### NEP Job Brokerage Service

The NEP has introduced a new Job Broker service to help local employers find solutions that work. The Job Broker provides a single point of contact and works with local companies to help them understand their business requirements. The Broker operates across the Northamptonshire Enterprise Partnership network to develop the right recruitment solutions and to put in place a range of support that meets the company’s needs whilst giving young jobseekers a chance to work.

### Summary: key learning points for Northampton

Key learning points from the case study review of the Business Growth Hub’s include:

- **Understand the local business support landscape**: The development of the Lancashire Business Growth Hub was informed by a detailed audit and mapping of commercial services and public sector business support programmes currently available to new and established companies based in the County.

- **Identify gaps in provision to facilitate business growth**: Despite the apparent breadth of the current publicly and privately funded business support offer, there may remain some key areas where the demands of businesses are not being met, therefore restricting their growth potential. For the Lancashire Growth Hub, this included the need to deliver face to face support to develop skills, knowledge and confidence of local businesses to access private and public business finance products and build awareness of and use of appropriate private and publicly funded support provision.

- **Ensure simplicity and a fit for purpose service offer**: The Cheshire and Warrington Growth Hub model operates a central call centre and knowledge hub for SMEs to access information regarding a range of sub-regional business services from the hub itself, strategic partners and associated services (e.g. Business Services). The service has been designed in consultation with local organisations, including the LEP to ensure it
meet national, regional and local and sub-regional challenges, strategic priorities and growth aspirations

- **Integrated, responsive and consistent** The Cheshire and Warrington Growth Hub delivery model is based on robust and tried and tested management and delivery mechanisms in place to ensure consistency of delivery across Cheshire and Warrington. Referral to Growth Hub partners and other programmes is a key element of the service to allow “one stop” access to business services across Cheshire and Warrington and avoid duplication of support activities.

- **To achieve greatest impact and reach the support has to be highly targeted and flexible** The IDB element of the Growth Hub is an integral component of the service. This free and impartial service is designed to provide businesses with up-to-date and relevant information to diagnose their individual needs and, where relevant, broker them towards the most appropriate sources of business support to cater to those needs. The Growth Hub delivery partners also have an extensive track record of working with the small business community to identify challenges and design appropriate support solutions to ensure support is delivered in order to achieve the best value for money.

- **Build on existing expertise and infrastructure:** Operationally many of the processes of Business Link, not least the call centre, IDB service, product offerings, events, networking and one to one support have been developed and are understood both by the market place and suppliers. An alumnus of former Business Link exists across the sub-region and expertise exists to develop the Growth Hub, both for back office and client facing services.

- **Effective diagnostic and brokerage mechanisms**, including robust research and intelligence to identify current and future employer skill needs in the context in which they operate and establishing key priorities to address identified skill gaps and shortages. Marketing and promotion and branding of service offer is also critical in order to raise the profile of the learning and skills offer to employers, and raising employer learning and skills needs with providers.

### Footnotes and references

1 As identified in HM Treasury’s Plan for Growth (Mar 2011) (which builds upon BIS’s The Path to Strong, Sustainable and Balanced Growth of Nov 2010) – make UK one of the best places in Europe to start, finance and grow a business