

Strategic Programme Management Group 8th February 2022

Local Enterprise Partnership Executive Board Meeting 17th February 2022

Stoke on Trent & Staffordshire Growth Hub Report

1.Introduction

This is the Stoke on Trent & Staffordshire Growth Hub LEP Report. Information has been provided against the BEIS and DLUHC funding received by the Growth Hub and the activity targets which the Growth Hub has to meet. I have also included information relating to the Schedule 1 (S1) which is the breakdown of spend against the Department of Business Energy and Industrial Strategy's annual Growth Hub grant. The S1 is created on an annual basis and reported upon via six-monthly and annual reports and a quarterly claims process. The final section of this report provides an update on the plans for the year 2022/2023.

2.BEIS Schedule 1 Growth Hub 2021-2022 Grant Spend

Activity as shown on Schedule 1 form (e.g., marketing, advisor salaries etc)	S1 current budget	Q1, Q2 & Q3 Spend £536,500 Total
Salaries	£256,400	£164,850*
Training	£500	£0
Travel	£200	£0
Business Intelligence – Business Growth Service	£42,000	£31,030
GROWTHMapper	£12,000	£12,000
WM Cluster work	£7,000	£0
EU Exit support/Business Continuity**	£36,000	£16,000
Legal costs	£500	£78
Specialist VAT Advice	£1,500	£1,500
Supply chain project	£40,000	£40,000
Project Research and Data Analysis	£30,000	£1,140
Evaluation**	£10,000	£0
Call Handling	£2,000	£0
IT – CRM Licence/Enhancements	£8,000	£7,712

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IT – Helpline Provision	£40,000	£30,034
IT – Website***	£5,500	£0
MINT/FAME Database***	£12,000	£0
Event Partnering/promotion	£6,000	£4,000
Promotional activities	£2,000	£430
High Growth digital marketing campaign	£6,000	£5,600
Events	£6,000	£3,150
Business support workshops/clinics/webinars	£5,000	£3,090
Advertising and PR	£5,000	£1,390
Printing/stationery	£400	£0
Mailchimp	£800	£430
Zoom subscription	£1,000	£839
Hootsuite	£700	£468
Total Spend at end of Q3	£536,500	£323,741

Notes:

- *This excludes £23,676 Q3 SCC Salary charge that went through on 06/01/22 (Q4)
- **Business continuity planning underway for Q4 spend
- ***Annual contracts planned for Q4
- Project Research and Data Analysis – commissioned studies committed to the value of £25,650 in Q4
- Cluster Work £1500 went through after 31st December
- Increased marketing, promotional activities and advertising planned for Q4

Grand totals spend to date (12.01.22): £399,774.

No indication of any grant underspend to be reported.

3.BEIS Key Performance Indicators – Position as at 31st December 2021.

Indicator	Local KPIs (where set by the LEP)	Current Total 1 April 2021 – 31 December 2021
Number of businesses that have received 'light touch' triage, information and/or signposting support (excluding website traffic)	1,000 (unique businesses)	2,116

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Number of individuals ¹ that have received 'light touch' triage, information and/or signposting support (excluding website traffic)	N/A	348
Total number of unique visitors to Growth Hub website	N/A	10,903
Number of businesses receiving 'medium intensity' information, diagnostic and brokerage support	250	488
Number of businesses receiving 'high intensity' support e.g., account management / intensive support directly provided by the Hub or partner organisation	50	44
Number of businesses receiving 'Medium' and 'High intensity' support that, have the opportunity, ambition and greatest potential to grow (including Scale-Ups)	N/A	55
Total number of individuals who been helped to start a business	200	348
Number of businesses referred to a mentoring programme (combined figure for 'Medium' and 'High' intensity interventions only)	200	201
Number of businesses referred to a skills or training programme (combined figure for 'Medium' and 'High' intensity interventions only)	200	185
Number of businesses referred to a finance and/or funding programme (combined figure for 'Medium' and 'High' intensity interventions only)	300	398
Number of businesses referred to an innovation and/or R&D programme (combined figure for 'Medium' and 'High' intensity interventions only).	N/A	38
Number of referrals to an export/import support programme (e.g., DIT) (combined figure for 'Medium' and 'High' intensity interventions only).	N/A	11

¹ Number of businesses and individuals are both required as (for example) several individuals from the same business may attend an event.

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4.Growth Hub ERDF Grant Funding 2019 to 2023

The two grant schemes are part of the Growth Hub ERDF project which provides up to 60% for staff salaries, a marketing budget as well as the grants.

Small Business Grant Scheme – Contracted 31st December 2021

	Programme Target April 19 - June 23	Target to Date 31st December 2021	Contracted to Date 31st December 2021	Pipeline	Remaining to Contract
No. of Grants Awarded	170	110	108	6	56
Value of Grants	£1,176,000.00	£712,716.00	£789,049.39	£46,300.00	£340,650.61
Private Sector Investment Attracted	£784,000.00	£475,144.00	£1,058,380.04	£30,866.00	-£305,246.04
Jobs	140	91	99	4	37

Notes:

- The value of grants awarded is the amount of ERDF funding the business gets. Each business matches their grant funding with 40% of their own funding.
- Each grant is awarded of up to a maximum of £10,000 for machinery, equipment or premises improvement that will assist a business to grow.
- Pipeline consists of applications received but not fully appraised or ready for panel.

IRP Grant Scheme – Contracted 31st December 2021

	Programme Target April 19 - June 23	Target to Date 31st December 2021	Contracted to Date 31st December 2021	Pipeline	Remaining to Contract
No. of Grants Awarded	80	24	19	0	61
Value of Grants	£125,001.00	£31,091.00	£45,576.00	0	£79,425.00
Private Sector Investment Attracted	£83,334.00	£20,727.00	£35,084.00	0	£48,250.00

Notes:

- The Investment Readiness Scheme exists to provide businesses with support to create financial documentation such as forecasting to enable them to apply for investment into their business.
- SME Restart & Kickstarting Tourism grants were available to businesses between September 2020 and March 2021, for the same purpose as the IRP but at 100% intervention. In April 2021 Staffordshire To Thrive grant scheme launched offering 100% grants for the same support. To Thrive will end in June 2022, and we envisage then that the take up of the IRP grants will improve particular as the offer of marketing strategy support is now included in the scheme.

Programme Update – Outputs Claimed 31st December 2021

	Programme Target April 19 - June 23	Target to Date 31st Dec 2021	Achieved to Date 31st Dec 2021	Difference to Date	Remaining to End of Programme
C1 (No. of Enterprises Receiving Support)	283	134	121	13	162
C2 (No. of Enterprises Receiving Grants)	250	113	104	9	146
C4 (No. of Enterprises Receiving Non-Financial Support - 12 Hours)	33	21	19	2	14
C6 Private Investment Matching Public support to Enterprises (Grants)	£867,334.00	£495,886.00	£477,593.17	18292.83	£389,740.83
C8 Employment Increase in supported Enterprises	140	91	56	35	84
P13 No. of Enterprises Receiving Information, Diagnostic and Brokerage Support - 3 Hours	760	502	423	79	337

Notes:

C2 – Although we have awarded 127 grants (108 small business grants and 19 IRP grants) we can't claim them as an output until the business claims the money. They remain as committed until that time.

C6 – The Private investment in the first two tables refers to the amount of investment the businesses have made themselves. The amount claimed as an output can only be 40% of the grant award. Whilst we can report on the total of private investment attracted, we can't claim the full amount as an output.

C8 – No. of jobs committed by approved grant applicants is 99 from 108 applications. Applicants who apply for less than £5k are not required to create a job according to the criteria of the scheme. No. of jobs actually evidenced as being created is 56. All applicants who have committed to create jobs in their applications have been contacted, but we are still awaiting a response off many of them. The ones that have responded but haven't created jobs have given the following reasons:

- Redundancies made during the pandemic (their headcount has to increase from that at application stage before we can claim the job as an output)
- Plans to recruit have been put on hold due to the pandemic
- Staff furloughed during the pandemic so need to revisit their growth plans

The team are continuing to chase applicants who have not responded.

P13 – At the time of preparing this report not all diagnostics had been uploaded to the CRM, so these are diagnostics that we have evidence for. Numbers have dropped during the pandemic as more non eligible sectors have been requesting diagnostics. Whilst the Growth Hub can carry out the diagnostic on an ineligible business, it cannot be claimed as an output for the ERDF programme. All diagnostics, however, are counted when reporting Growth Hub activity to BEIS.

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We have until June 2023 to achieve and report on all outputs

Total Expenditure 31st December 2021

	Programme Target April 19 - June 23	Target to Date 31st Dec 2021	Achieved to Date 31st Dec 2021	Difference to Date	Remaining to End of Programme
Capital (Small Business Grant Scheme)	£1,960,000	£1,187,860	£1,136,152	£51,708	£823,848
Revenue					
Salaries (Chambers & SCC)	£2,420,434	£1,520,554	£1,483,575	£36,979	£936,859
Marketing	£55,000	£38,000	£37,910	£90	£17,090
Consultancy (Summative Assessment x 2)	£12,000	£6,000	£4,130	£1,870	£7,870
Grants (IRP Grant Scheme)	£208,335	£51,819	£57,817	-£5,998	£150,518
Total Revenue	£2,695,769	£1,616,373	£1,583,432	£32,941	£1,112,337
Programme Total (Capital & Revenue)	£4,655,769	£2,804,233	£2,719,584	£84,649	£1,936,185

Notes:

- The total expenditure is the amount we submit to DLUHC which match from partners and businesses. We receive 60% of the total expenditure as detailed in the table below.
- Expenditure can only be reported and claimed once defrayed. Therefore, although contracted capital funding is above the target, businesses have yet to claim the funding so achieved is slightly below target. There is generally a lag between approval being given and businesses claiming the funding from the Hub.

Total ERDF Expenditure Claimed 31st December 2021

	Programme Target April 19 - June 23	Target to Date 31st Dec 2021	Achieved to Date 31st Dec 2021	Difference to Date	Remaining to End of Programme
Capital (Small Business Grant Scheme)	£1,176,000	£712,716	£681,691	£31,025	£494,309
Revenue					
Salaries (Chambers & SCC)	£1,452,261	£912,333	£890,145	£22,188	£562,116
Marketing	£33,000	£22,800	£22,746	£54	£10,254
Consultancy (Summative Assessment x 2)	£7,200	£3,600	£2,478	£1,122	£4,722
Grants (IRP Grant Scheme)	£125,001	£31,092	£34,690	-£3,598	£90,311
Total Revenue	£1,617,462	£969,825	£950,059	£19,766	£667,403
Programme Total (Capital & Revenue)	£2,793,462	£1,682,541	£1,631,750	£50,791	£1,161,712

Notes:

- The total ERDF expenditure is the amount we receive from DLUHC based on 40% of the total expenditure . This the amount of funding the Growth Hub will receive via the Accountable body.

We have until June 2023 to report and claim all expenditure.

5.Future of the Stoke on Trent & Staffordshire Growth Hub

The Growth Hub currently relies upon funding from two sources. The European Regional Development Fund has allocated £2,793, 462 funding from April 2019 until June 2023 and BEIS have provided an annual grant which for the last two years has been £536,000. In the years before 2020, the Hub received £205,000 from BEIS which meant that partner organisations paid the 40% of the Growth Hub staff salaries themselves. The increase in BEIS grant enabled staff to be 100% committed to the Hub. These two sources of funding pay not only for staff salaries, but also £1,301,000 in small business grants and other activities such as events, marketing, and business support with partner organisations.

At this point there has been little information forthcoming from the Government on the BEIS grant funding for 2022-2023. Growth Hubs have been informed verbally that funding is being allocated but we have received no formal assurances of this. There are specific items at risk of ceasing if this funding is not approved. (See point 2.BEIS Schedule 1 Growth Hub 2021-2022 Grant Spend of this report)

The areas which need the most consideration are the largest spend items such as the following:

- Salaries 40% – this is for Growth Hub staff both Chamber of Commerce and SCC who are funded by ERDF. £48,500 per quarter
- Salaries 100% - three members of staff are funded by the BEIS grant alone. £23,100 per quarter.
- Staffordshire Business Helpline - £10,100 per quarter.
- Business Growth Service – Stoke on Trent City Council's services to the Growth Hub. £10,000 per quarter
- CRM, Diagnostic Tools, FAME - Software support for the Hub. £8,000 per quarter.

As the conditions of the ERDF funding are specific and difficult to change, there is no other source of funding that can be used for the above items other than the BEIS grant. Growth Hubs do not have any reserved funding as all allocated BEIS funding has to be spent on an annual basis to zero and ERDF funding is claimed back according to spend.

Without BEIS funding the consequences could be the following:

- Salaries 40% - as there is no formal agreement this would revert to being the responsibility of the employing organisations. It would be prudent to give the employing organisations sufficient notice should changes be made to staff funding.
- Salaries 100% - the three staff could be served notice unless they can be included into the ERDF programme. Discussions are taking place with DLUHC about this and we

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believe we may be able to include two of these staff into the ERDF programme due to underspend on other staff salaries.

- Staffordshire Business Helpline – the contract ends on 31st March 2022. The first point of contact methods as they exist now would no longer be part of the Hub and a new telephone number would need to be allocated and advertised, and alternative arrangements would need to be made for event/workshop/webinar planning, updates to the Hub website and signposts made to partner organisations for business support. An extension of 3 months could be provided whilst the LEP consider future procurement from the BEIS grant. Should the LEP be minded to cease operation of the Business Helpline then consideration should be given to the appropriate due process with staff together with associated contractual timelines.
- Business Growth Service – Corporate Intelligence, Digital marketing, SEO would no longer be services offered by the Growth Hub across the City and County areas. Consideration should be given to a fair and reasonable notice of intent to Stoke on Trent City Council.
- CM, Diagnostic Tools, Fame – CRM and FAME are paid annually at the beginning of each calendar year so this would not be an issue until the end of 2022. The Growth Hub's Diagnostic Tool offering would reduce to in-house diagnostics only and notice would be served on the GROWTHMapper tools.
- An additional consequence is that 40% match has to be provided for the £55,000 marketing spend through the ERDF project which means £7,000 would need to be found for this or we will not achieve targets for that programme.

In conclusion, whilst there can be no guarantees, it is likely that BEIS will be forthcoming with funding for Growth Hubs for at least some of the next financial year. If Growth Hubs were to be terminated then there would be a large number of redundancies across England and notice would be required to be given to staff. If the worst case scenario happens then the above 6 points could be actioned.