

Item 8, App.i

Strategic Programme Management Group

1st March 2022

Stoke on Trent & Staffordshire Growth Hub report

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 is still little information forthcoming from the Government on the future of Growth Hubs and the annual BEIS grant funding for 2022-2023. Growth Hubs have been informed verbally through the Cluster that funding is being discussed but we have received no formal assurances of likely allocations. There are specific items at risk of ceasing if this funding is not approved.

The Growth Hub ERDF contract lasts until June 2023 so 60% of the majority of Growth Hub staff can be funded until this time. This contract also include a small marketing budget of £30,000 and the small business capital equipment grants for businesses.

The five 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.**

Total for quarter 1 2022-2023 = £99,700

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 annual 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 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 updates to the Hub knowledge bank, the website, event/workshop/webinar planning, and signposts made to partner organisations for business support. An extension of 3 months could be provided whilst the LEP consider future local procurement or transfer of the service to the National Business Helpline.
- 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.
- CRM, 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 from the five listed in costs 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 thought likely that BEIS will be forthcoming with some funding for Growth Hubs for at least part 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 six points could be actioned. In the event that none or a limited amount of Growth Hub BEIS funding is forthcoming then it would be helpful if the LEP could underwrite the costs of the first quarter of 2022 2023 to allow for continuation of service until a decision is made on the future of Growth Hubs.

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