

7 September 2021

Agenda Item: 4

REPORT OF THE CORPORATE DIRECTOR, PLACE

BUSINESS SUPPORT

Purpose of the Report

1. The purpose of this report is to:
 1. Brief the Committee on the Council's support to business and its partnership with the D2N2 Growth Hub;
 2. Consider the support that has been made available to businesses over the course of the COVID-19 pandemic (paragraphs 16, 17 and Appendix B);
 3. Seek approval to a continued relationship with the Growth Hub through a proposed extension of the current external funding arrangements (paragraphs 11-15). This would be supported by an allocation of residual EU funding. The additional cost to the Council is identified in paragraphs 23-25;
 4. Seek approval to a set of additional proposals to engage WITH Nottinghamshire's business community, thereby building on existing relationships with these drivers of the county's economy (paragraphs 18 & 19).

Information

2. Growth Hubs are a Government-led initiative with flexibility at the local level to offer businesses a one-stop shop for support. Nottinghamshire businesses benefit from a range of general and specialist advice which is facilitated initially by the Growth Hub's frontline service, with referrals made to the Council's Business Advisers for more individualised and tailored support. In its delivery of support to businesses, the County Council is a long-term partner in the [Growth Hub](#), last renewing its relationship practically and financially at the Policy Committee meeting in July 2018.
3. The D2N2 Growth Hub is part-funded through core-funding from Government and local partners. Funding is also attracted from European Union related sources and – for special programmes - through the Department of Business Enterprise and Industrial Strategy (BEIS). The funding for the current model is in place up to the 31st March 2022. Nottinghamshire County Council is one of the Growth Hub partners, alongside District and City Councils and the East Midlands Chamber of Commerce.
4. The East Midlands Chamber facilitates the core functions of the Growth Hub on behalf of the partners, all of whom have a say in the content and operations. The partnership arrangement enables the County Council to offer business support services flexibly, through a team of three members of staff that are effectively 50% funded from external sources. The Growth Hub's overall strategic approach to business support reflects the input from partners.
5. Summary details of the Growth Hub support is offered in **Appendix A**.

6. The COVID-19 pandemic has impacted heavily on the Growth Hub and the nature of the Advisers' workload. Over the past 12 plus months, much of the support has been redirected to supporting businesses in securing COVID-19 financial and related support. Details of the support and overall performance has been reported to this Committee via the COVID-19 Recovery Action Plan, most recently at its meeting on the 16 June 2021. The support has also been referenced in the input to the new Council Plan and within the Council's Recovery Framework, considered at the Council's Policy Committee meeting on the 15 July 2021.
7. At the height of the pandemic, the D2N2 Growth Hub saw an increase of over 150% of inquiries from pre-pandemic levels (ref. the June report to members). This has since stabilised to around 200 enquiries every week, with approximately a quarter of enquiries being from Nottinghamshire businesses. Most queries are dealt with quickly and effectively by the frontline service, giving added value to the service to the County's businesses, with the more intensive, complex inquiries being directed to the Council's Advisers.
8. In pre-Covid times, an annual user satisfaction survey was commissioned, complemented by case studies demonstrating the effectiveness of support received through the Growth Hub. The full survey was deferred this year because of the pandemic. The Chamber plans to re-commission it shortly.
9. Where appropriate, the Council has developed separate additional support to exploit new opportunities and address gaps in provision - including the opening up of supply chain opportunities for new developments such as HS2 and the Commonwealth Games and facilitating international trade following the UK's departure from the EU.
10. In order to promote a cross-Council approach, the Growth and Economic Development Team and the Business Advisers have liaised closely with other services across the Council supporting businesses, including Trading Standards and Procurement. Throughout the pandemic, specialist support has been offered to care homes, micro-care providers and childcare businesses. In addition, the Team has worked with Public Health to ensure employers are helped to deal with workplace COVID-19 outbreaks and testing.

Growth Hub Extension

11. An opportunity has arisen to extend the current Growth Hub model beyond March 2022. A national underspend of residual EU funding could be used to extend the current arrangements to June 2023. Collectively, the partners are in favour of the extension and should the County Council also wish to continue as a Growth Hub partner, the net financial implications to the County Council are referenced in paragraphs 23-25 below. While the extension will not commence until April 2022, an early agreement on this matter would be welcome in formulating the partners' submission to Government.
12. The current Growth Hub programme is subject to performance indicators, and is well positioned to meet the external funding expectations of businesses supported. The service has developed its own broader set of qualitative and quantitative performance indicators which incorporate the external funding expectations as follows:

13.

Target	Target to March 2022	Performance June 2021
Nottinghamshire businesses engaged and supported in their growth ambitions	2,000	950 ¹
Nottinghamshire businesses supported in their growth plans via a (non-COVID) grant award	50	26
Maintaining a rolling per week target of Nottinghamshire businesses engaging with the Growth Hub ²	40 per week	50
Independently verified "satisfied or very satisfied" levels of the quality support offered to businesses	80%	88% ³

14. These targets are for the remaining two years of the programme, from 2020/21 when the current advisers were recruited in May 2020 following staff turnover. An extension will see additional targets being set for the additional period. All external funding outputs to be met will be shared as a baseline expectation across the partnership and will be incorporated into a revised version of the Council's targets at para 12 above.

15. The Council and the Growth Hub together engage positively with the business support services available at a district level to ensure businesses receive the best possible support. Data and information on events, new services, pressure points and new opportunities to be exploited are shared at Economic Development Officer meetings across the N2 area.

National COVID-19 Support to Businesses

16. **Appendix B** offers an overview of the main COVID-19 business / financial support as it has impacted on the County to date. The support has been made available through a range of routes and in different forms, be it grant or debt finance it is possible to draw the following tentative conclusions:

- Public investment in business survival has been significant and unprecedented. Without it, the impact on the Nottinghamshire economy would have been catastrophic, resulting in closures and significant unemployment;
- The increase in the number of businesses taking on sometimes new and sizeable loan finance heralds a potential future problem - particularly as payment holidays cease and repayments commence;
- In addition, the deferral of payments such as rent, rates and VAT - while welcome, will be an additional challenge to many as payments become due;
- Certain sectors and types of businesses have been disproportionately impacted by the pandemic. Their recovery will be key to the successful recovery of the County's economy;
- The business support landscape has been appropriately flexible and dynamic throughout this period. However, the next steps in supporting business recovery will be key.

¹ this excludes the businesses being supported through the additional programmes currently underway as referenced at para 9

² At the height of the pandemic, this rose to c. 125 per week

³ with the Growth Hub survey deferred until later this year, this is based on a BEIS sample survey undertaken in May 2021. It will be noted that 91% of survey respondents said they would be likely to access business support in the future based on their experience of the Growth Hub

17. In anticipation of the economy re-opening fully at Step 4 of the COVID-19 route map, the partners have commenced a review of the Growth Hub strategy. The following issues have been flagged as being particularly important in addressing County's business growth agenda:⁴

- Support for the development of coherent business planning and management strategies as businesses transition and pivot from survival to growth;
- Financial management and investment advice will be key, related to increased indebtedness and the rapid expansion of businesses taking on debt finance through the various COVID-19 support schemes;
- The reinforcement of good practice enabled through mentoring, enabling business to learn from each other and to share development needs;
- Small scale funding can make a big difference to smaller scale micro businesses' stability but is not in great supply;
- Small business start-up and small business re-start up offers need to be better co-ordinated with particular support required for local graduates (regardless of their FE place of study) and for younger talent;
- Skills, training and recruitment issues have jumped up businesses' agenda, with a focus on addressing shortages and on shaping, simplifying and integrating the skills provider and business support landscape;
- Equity awareness and take-up is low, offering new opportunities to medium sized businesses;
- Businesses have evolving accommodation needs, reflecting changes in requirements and within the market;
- Supply chains need support to be re-engineered in the light of COVID-19 and changing international trade patterns;
- Support is required to support businesses' adoption of low carbon practices, energy efficiency gains and new innovative technologies;
- Nottinghamshire businesses need to be supported to take advantage of new opportunities such as the Freeport and associated high impact developments;
- The practical advancement of work within key sectors and emerging technologies important to the Nottinghamshire economy will be critical, including a focus on retail and the high street; the rural and visitor economies; manufacturing; logistics and specifically, the challenges and opportunities to exploit robotics / automation and data / digital developments.

Business Engagement

18. In order to enhance the Council's understanding of the needs of local businesses and to listen to their concerns and requirements for additional support, a programme of member engagement is proposed to develop the business relationship, summarised as follows:

- A direct and regular engagement on a one-to-one basis with the larger business representative groups, including the East Midlands Chamber, the Federation of Small Businesses, the Notts Manufacturing Network (and linked by affiliation with Make UK); the regional CBI and the regional Institute of Directors;

⁴ The above points reflect a combination of evidence from businesses engaging with the Growth Hub and the Council's Advisers, reviews of local and regional business group surveys, discussions with financial intermediaries, an assessment of local and national reports and an overview of the COVID-19 support as it has impacted on the County. This is an expansive set of issues and opportunities will be offered to refine it as the strategy is refreshed.

- Engagement with strong sub-County business groups including Mansfield Ashfield 2020, the Mansfield BID, Newark Business Club, Rushcliffe Business Partnership, Retford Business Club, the Gedling Business Partnership and North Notts BID;
- Attendance at and participation in sessions arranged by key organisations such as the regional Bank of England and larger/ local financial intermediaries, giving overviews of local business demographics and trends.

19. It is proposed that the Chair and Vice-Chairs of this Committee share these duties between them, aligned initially with the development of the Council Plan and the associated consultation exercise over the Summer / early Autumn 2021.

Other Options Considered

20. The “Do Nothing” option would mean the Council’s support to businesses would cease at the end of the current Growth Hub programme. The post-COVID-19 period is uncertain and businesses require consistent and clear support, delivered collaboratively across a range of partners. If this approach is not agreed, the Council would struggle to meet its ambitions set out within the emerging Council Plan.

Reasons for Recommendations

21. The partnership with the Growth Hub allows the Council to work collaboratively with a wide range of partners and to ensure the maximum impact of the range of business support on the County’s businesses. The Council’s engagement with the Growth Hub offers excellent leverage and maximises the external funding available to support the service. With the support for business emerging as a key priority of the Council Plan, the proposed engagement with the business community offers additional insight as to changing business needs.

Statutory and Policy Implications

22. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

23. As referenced in the July 2018 report approved at the Policy Committee, the net costs of the support are as follows, with the current programme ceasing on the 31st March 2022:

Financial Year	Amount
2019 / 20	£50,401
2020 / 21	£57,655
2021 / 22	£65,000

24. The above costs represent 50% of the total gross salary costs of the 3 members of staff. The Council’s participation in the Growth Hub levers the additional support for Nottinghamshire businesses through the external funding. The Project Change Request offers the opportunity to extend the existing staffing complement and the Council’s support to Nottinghamshire’s

businesses through the Growth Hub partnership to June 2023, at the following net costs to the Council:

Financial Year	Amount
2022 / 23	£67,000
2023 / 24	£17,500

25. As with the current model, these net resources from the Council not only support the staffing complement at 50% of the costs, but lever the additional resources to enable Nottinghamshire businesses to access the wider support programmes, the core support, the comprehensive on line presence, the seminar and workshop package and access to the Business Investment Fund.

RECOMMENDATIONS

It is recommended that the Committee:

- 1) approves the proposed extension of the current relationship with the Growth Hub through the additional external funding arrangements at the total net costs referenced in the report. Paragraphs 11-15 and 23-25 refer.
- 2) continues to monitor the breadth of financial support made available to Nottinghamshire businesses over the course of the COVID-19 pandemic. Paragraphs 16, 17 and Appendix B refer.
- 3) approves the set of proposals designed to build the Council's relationship with the Nottinghamshire business community. Paragraphs 18 & 19 refer.

Adrian Smith
Corporate Director, Place

For any enquiries about this report please contact: Matthew Neal, Service Director for Investment and Growth, Place Department, Matthew.Neal@nottscc.gov.uk , Tel: 0115 977 3822

Constitutional Comments (KK 30/07/2021)

26. The proposals in this report are within the remit of the Economic Development and Asset Management Committee.

Financial Comments (RWK 05/08/2021)

27. The report proposes the extension of the current relationship with the Growth Hub which will involve the extension of the employment contracts of 3 staff to June 2023. The County Council funds 50% of the cost of these staff and the estimated additional costs of extending their contracts of employment to June 2023 are estimated to be £67,000 in 2022/23 and £17,500 in 2023/24. These costs will be met from the Economic Development Initiatives budget for which a sum of £465,036 is included in the annual revenue budget.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- *The D2N2 Growth Hub 2.0 – Partnership and Match Funding Approval to April 2022.* Report to Policy Committee, 18 July 2018 available [here](#).
- *The COVID-19 Recovery Action Plan.* Report to Economic Development and Asset Management Committee, 16 June 2021 (item 6 plus Appendix) available [here](#).

Electoral Divisions and Members affected

- All