

Subject:	ERDF Business Support Programme		
Date of Meeting:	27 September 2018		
Report of:	Executive Director Economy Environment and Culture		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report provides information on a new EU funded business support programme which is set for roll out in Brighton & Hove in autumn 2018. This aligns with the Council's Corporate Priority of driving economic growth and regeneration that benefits everyone.

2. RECOMMENDATIONS:

- 2.1 That the Committee note the progress being made in developing this new business support programme
- 2.2 That the Committee agrees the funding being committed by the council to the programme for the benefit of local businesses.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Brighton & Hove economy comprises around 140,000 jobs and 16,000 businesses. The economy has experienced strong growth in recent years: 14,300 jobs created since 2011 and there are 2,700 more business in the City compared to 2012
- 3.2 Brighton & Hove is one of the strongest performing UK cities for service exports, equating to around £12,000 per job (lower only than London and Edinburgh). The City's labour force is well qualified with around half of working age residents holding a degree or higher qualification compared to 38% nationally and there are around 57,000 knowledge economy jobs in the city accounting for 41% of the total economy.
- 3.3 Despite this productivity levels are comparatively low at around £65,000 per annum; lower than competitor cities such as Reading, Milton Keynes and Cambridge.
- 3.4 A large proportion (around 86%) of Brighton & Hove's businesses is micro size, employing less than ten people. While at the other end of the spectrum there are around 50 businesses employing over 250 people. One year business survival rates in Brighton & Hove stand at around 92% similar to the England and City

Region average.

- 3.5 This, and other evidence from the Economic Strategy Evidence Base, indicated that the economic performance of Brighton & Hove relative to comparator cities has generally weakened over the last ten years; it suggests that the economic trajectory has stalled with other cities experiencing faster economic growth.
- 3.6 The proposed ESIF Business Support Programme will provide a direct response to this by offering a range of business focused interventions designed to build business resilience and support business growth.

ERDF Business Support Programme

- 3.7 Early in 2017 the Ministry for Housing Communities and Local Government (MHCLG) launched a call for projects under the European Regional Development Fund (ERDF). The call was for Priority Axis 3: Enhancing the competitiveness of Small and Medium Enterprises. £6 million was set aside for the call with a requirement that bidders identify and secure match funds of a further £6 million to provide a total project bid value of £12 million over three years.
- 3.8 The University of Chichester led a bid for the fund in partnership with city region's main districts, borough council's and unitary authorities. An expression of interest was submitted in April 2018 followed by a full bid submission shortly after.
- 3.9 The bid has been well received and negotiations with MHCLG are underway before final sign off which is expected in late summer. Once the contract has been signed then the University and its partners will work together to roll out the programme which will comprise training and support in the following areas:

- Productivity & Growth
- Monetisation of Innovation
- Leadership and Management
- Peer to Peer mentoring
- Business Start-up advice
- Access to Finance

- 3.10 The Access to Finance strand will provide grants of between £10,000 and £100,000 per business; £2.8 million of the £12 million programmes will be set aside over the 3 years toward business grants.
- 3.11 Match funds for the project will come from the project partners and Chichester University. West Sussex County Council is using an allocation from pooled business rates and Brighton & Hove City Council is using £90,000 from the Economic Development Initiatives budget (see paragraph 7.2) as match funds toward the project over three years. Other funders include the Greater Brighton Economic Board and Lewes District Council.
- 3.12 Although led by the University of Chichester project delivery will take place at different locations across the Coast to Capital region including locations in Brighton & Hove which ensure that provision is convenient for local businesses to access.

- 3.13 The University of Chichester in responding to some remaining questions from MHCLG. Once approved BHCC will sit on the Project Board to ensure value for money and to help promote the offer to business.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Ride the Wave has acted as Brighton & Hove's key business support programme for the past six years. It has become widely known as a pro-active, business-friendly initiative from the council in partnership with the Brighton & Hove Chamber of Commerce, addressing gaps in business support by offering free or heavily subsidised training and workshops. It has received a very high profile in traditional media formats such as the local press and radio, as well as social media outlets. Nearly 2,000 people have been supported through the Ride the Wave programme since it started.
- 4.2 There is concern however that such a short intervention may not be very impactful and more is needed to encourage business to scale up and grow, innovate, link to local universities, help drive up productivity and prepare for the opportunities and challenges of the UK leaving the EU.
- 4.3 In 2017/18 the programme delivered a range of industry and sector relevant workshops for businesses in Brighton & Hove; sessions are typically for half a day or a few hours. Ride the Wave 6 was commissioned for a two-year period (2017/18 and 2018/19). The 2018 RTW 6 programme attracted 326 businesses over 10 events including 25 BME businesses and 50 women owned businesses securing a 95% satisfaction rating from participants.
- 4.4 Participation in the ERDF Business Support Programme will provide a much bigger and more diverse programme of services to business. By contributing £90,000 over three-years to the project Brighton & Hove businesses will have access to a £12 million programme of business support over the next three years. Further it will help to fill a gap in start-up business advice which was created when the Coast to Capital Growth Hub removed start-up support from its provision.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 In October 2017 the City Council and the Brighton & Hove Economic Partnership hosted the first of two consultation events for the emerging Economic Strategy (the second held in January) with local business, public and third sector partners. Over 200 people attended the two events which were augmented by over 50 face-to-face interviews.
- 5.2 As part of the consultation workshop participants were asked, '*How could Brighton & Hove and the city region be more competitive?*' The need for more business support was cited along with a better connection between local business and universities and the need to do more to understand businesses.
- 5.3 As part of the second consultation event participants were asked to rank in order of importance socio-economic priorities for Brighton & Hove. The need to provide for small business to scale and grow was listed as priority number seven of the

twenty areas identified.

- 5.4 The ERDF programme will provide a tangible response to the issues highlighted during consultation. It will provide support for small businesses, provide a link between business and Chichester University, allow for more in-depth diagnostics and support and provide practical help through the business grants programme to help business to scale and grow.

6. CONCLUSION

- 6.1 The Committee is asked to note the work being done by the council in support of small and medium enterprises.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Brighton & Hove City Council will contribute £0.090m over 3 years to support the European Regional Development Fund (ERDF). This will be £0.030m per year funded from the Economic Development Initiatives budget from 2018/19 to 2020/21. This should bring in match funding of a further £0.090m from the ERDF fund being managed by University of Chichester (through the MHCLG £12.000m regional programme).

Finance Officer Consulted: Gemma Jackson

Date: 15/08/18

Legal Implications:

- 7.2 Once Chichester University receives formal approval to proceed from MHCLG contract(s) between the lead partner and project partners will be drawn up. . Legal officers will provide advice on the proposed contract(s) and the authority required to enter into such contract(s) on behalf of the council.

Lawyer Consulted: Isabella Sidoli

Date: 22/08/18

Equalities Implications:

- 7.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

- 7.4 There are no direct sustainability implications arising from this report.

Any Other Significant Implications:

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. Brighton & Hove Economic Strategy Summary of Consultation – PowerPoint Slides

