

Subject:	Greater Brighton Business Support Programmes – The Business Hot House		
Date of Meeting:	28 January 2020		
Report of:	Chair, Greater Brighton Officer Programme Board Gareth Sear & Dave Cooper, University of Chichester		
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Within the Operational Arrangements and budget for 2019/20 the Greater Brighton Economic Board “the Board” committed £30,000 to a three year business support programme part-funded by the European Union (EU).
- 1.2 The launch of the Business Hot House programme provides an opportunity to map the business support provision across the Greater Brighton region and ensure synergies across existing programmes. It is also important to compare the provisions to the findings of the Greater Brighton Business Survey and highlight any future requirements for the provision.
- 1.3 At this point, it is important to ensure awareness of the support provision and acknowledge that, with the launch of the Business Hot House, the region has the highest level of tax payer funded support in place for the last decade. However, it is important to note that due to EU funding, this project is due to end in October 2022. The funding landscape for business support will then look very different.
- 1.4 In addition, whilst support is available, its’ delivery is fragmented across a number of delivery partners, and it is not always straightforward for businesses to know where and how to access relevant support.

2. RECOMMENDATIONS:

- 2.1 That the Board notes the Greater Brighton Business Support programme and will use networks to increase awareness amongst local businesses.
- 2.2 That the Board agrees that whilst the levels of provision are high it can be difficult for businesses to navigate the complex terrain of providers and access points to receive the support they require. The Board advocates that in the longer term we move towards a system that is simplified through the establishment of a “one-stop-shop” where businesses can see and access all the current opportunities.
- 2.3 That the Board agrees to lobby government for continued funding into business support programmes once EU funding ceases in 2022.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 For the purposes of this paper, business support is defined as general business support as well as research and innovation support. There already exists a wealth of both tax payer and non-tax payer funded support across the region, ranging from local authority grants programmes, and Chamber of Commerce led advice to workspaces with paid for technical, research and innovation support, and the Coast to Capital (C2C) Growth Hub. However, the funding for many of these projects has just been released and the outcomes of the investment is an unknown at this point in time.

The Business Hot House

3.2 The Business Hot House is a three year Business Support Programme part funded by the EU. It brings together seven specialist support providers to fill the much felt gap in business support provision in the C2C region.

The programme delivers support under six strands:

- Productivity and Growth Support
- Access to Finance Support
- Monetisation of Innovation
- Leadership and Management Development
- Start Up Support
- Invest 4 Grants Programme

3.3 The consortium of specialist delivery partners are:

- University of Chichester (Lead Partner)
- The Princes Trust
- Brighton and Hove City Council (BHCC)
- Sussex Innovation Centre
- WSX Enterprise
- YTKO Group
- EDEAL (Eastbourne District Enterprise Agency)

3.4 The Business Hot House beneficiaries will be from three main groups; SME organisations (as defined by OECD), pre-start entrepreneurs and Social Enterprises (as defined by the OECD).

3.5 In more detail, the six strands of the Business Hot House are:

3.4.1 **Strand 1: Productivity and Growth**

In terms of the 38 Local Enterprise Partnership (LEP) regions across England, the C2C region has the sixth largest local economy by total GVA but is ranked only 13th in GVA per head (ONS). The European Structural Investment Fund (ESIF) Strategy also points to problems with key sectors and clusters such as Advanced Manufacturing, which have growth potential but are small and weakly embedded. This project seeks to address these problems by targeting SMEs in priority sectors in the Coast to Capital region to deliver a tailored programme of support. This will stimulate growth and productivity improvements in participating firms, based on a diagnostic and a carefully designed programme of support to address underperformance.

This strand has a grant programme which will distribute £1.17m in grants and will be linked to productivity improvements and/or growth in the business through turnover and job creation and based on a diagnostic review. The grant programme will be administered by BHCC.

There are three types of support that can be delivered through this strand. These include one-to-one mentoring and advice, application for grants and one-to-many workshops/group working.

3.4.2 Strand 2: Access to Finance

SMEs suffer from not being able to readily access finance and when they want to access that finance, they are ill prepared to apply for it. This project aims to address these issues through supporting SMEs to understand and access alternative sources of finance and develop their skills in being able to write high quality funding applications.

Access to Finance support will be delivered across the region using several delivery methods; a grant programme, one-to-many support and one-to-one support. The support will be delivered by specialist providers with a successful record for delivery. Currently there is no access to finance support provided in the C2C region. All delivery under this strand will be new and therefore additional.

3.4.3 Strand 3: Monetisation of Innovation

Innovation activity in the C2C region has low investment, especially in relation to the development of product and service innovation. There is also a lack of knowledge sharing between HE institutions and private firms. Additionally there is a lack of correlation between the innovation that is being self-reported and the monetisation of that innovation.

Delivery will take the form of a grants programme. The programme will distribute £967k of grants, generating a match of £1.45m from eligible projects. The grant will be linked to creating growth in the business, through innovation.

Innovation is important to increase business growth and fits with the strategic objectives of the local authority stakeholders. However, the commercial exploitation of innovation is critical. Innovation for the sake of innovation without the commercial exploitation of that innovation is merely 'innovation theatre'. This support strand, along with the Productivity and Growth strand will allow firms to understand innovation and to ensure there is support for commercial exploitation of innovation.

3.4.4 Strand 4: Leadership and Management Development (L&M)

Leadership and Management Development will focus on a series of events designed to demonstrate the positive impact of L&M development on SMEs. It will offer the opportunity for business owners to meet L&M providers and hear them speak about the benefits of investment.

The grant programme will enable firms to develop their teams through leadership and management programmes, with a focus on the business being able to find and engage with the right supplier of their choice, whilst complying with best practice procurement regulations, to get the right programmes of development for the right members of their team.

3.4.5 Strand 5: Start Up

This programme is split into Social Enterprise Start-Up Support and Business Start-Up Boot Camps. Social Enterprise Start-Up support will be based on a 12-hour boot camp intervention over two days and will be delivered across the C2C region. The Business Start-Up Support is a two-day, 12-hour programme that will cover a range of start-up topics. The focus will be on the generation of a business model and a 'Just do it' mind set, using the principle of lean start up, to focus on creating a solution to a customer's problem and selling that solution in the marketplace to get market validation.

3.4.6 Strand 6: Grant Programme

The Grant Programmes that are available in all strands are designed to provide an important financial boost to a business that can be used on revenue or capital based projects, to bring forward a project, or make a project happen that would not have happened normally. The grant programme will distribute £2.8m of grants with a 40% intervention rate and 60% match funding from the SME.

Other University Business Support Programmes

3.5 STEP UP (ESIF Funding for Higher Skills Utilisation)

The University of Brighton's STEP UP programme (SME's Transformation Engagement Programme Universities Partnership) in collaboration with the University of Sussex, works with SME's to review real and perceived barriers/limitations to graduation employment within their businesses, and to identify solutions to identified barriers/limitations. This will be co-designed with the SMEs to ensure that their needs are properly understood and embedded into the programme content and design. STEP-UP will develop and deliver a uniformed LEP wide brokerage scheme to cultivate and place workplace-ready graduate interns within SMEs.

3.6 BRITE (Brighton Research Innovation Technology Exchange) - ERDF Research and Innovation

The BRITE Programme is run in collaboration between Plus X Brighton and the University of Brighton. Subject to the final funding agreement, it has three key objectives: 1) creating flexibly designed innovation space for SME's to access specialist RD&I technology, equipment and maker space. Innovation space is not sector-specific, the project will target core sectors, in line with C2C smart specialisation; 2) research and innovation support for SMEs including mentoring and coaching, specialist training, product testing and viability support delivered through the University and Plus X; and, 3) bespoke contract research for SMEs

with University academics and experts.

3.7 DRIVA (Digital Research & Innovation Value Accelerator) – ERDF Research and Innovation

DRIVA supports creatives, technologists and entrepreneurs to collaborate and release value from Gatwick Airport's big data by creating new products, services and experiences for the open market. SMEs have access to training, grants, and events as well as personalised innovation support. The programme is led by the University of Brighton in partnership with Wired Sussex & the University of Sussex.

3.8 BRAIN (Business Research-Academic Innovation Network) – ERDF Research and Innovation

The Sussex Innovation Centre has developed a Business Research – Academic Innovation Network (BRAIN) linking the start-up, corporate and academic research and enterprise activity across the entire C2C area and along the economic growth corridor from London to Brighton. The Sussex BRAIN links the Sussex Innovation Centre physical "Centres of Innovation" through an active and facilitative business-business and business-academic network.

The project generates significant additional economic activity focused on innovation by creating Open Innovation links between start-ups and corporates and between businesses and the Universities.

3.9 LOCASE (Low Carbon Across South East) - ERDF Business Support

This Programme is led by Kent County Council across South East LEP where the University of Brighton is a delivery partner in East Sussex. The projects link 1,000+ business membership of low carbon, environmental businesses and those committed to greening up their business. Businesses benefit from financial assistance in the form of grants of £5,000 to £20,000 to support business growth and implementation of energy efficiency measures, innovation support for development of new products and services, and tailored regional workshops with other regional green businesses.

3.10 Clean Growth UK – Research England

This is a partnership of three UK universities each hosting an established low carbon, green business network, funded by Research England, UKRI. The University of Brighton is the lead partner with University of Portsmouth and Liverpool John Moore's University as project partners. The programme provides commercialisation support to businesses, innovation support to develop new products and services and investment platform services.

Other Business Support Programmes

3.11 There are a number of other lower scale tax payer funded business support programmes for SMEs within the region that are run by local authority and public sector providers. Details of these are provided at Appendix 1. Alongside these exist a range of paid for/membership services.

Review of provision in line with the results of the Business Survey

- 3.12 The Greater Brighton Business Survey was tasked primarily with determining levels of trade across the region to feed into the work of the new Inward Investment Desk. However, the results of the survey do highlight areas that require business support and these have been mapped against the support provision available.

Innovation

The results of the Business Survey found that in terms of why establishments do not innovate, the most common reason (48%), was having a traditional product or marketing a product on the basis of it being produced using traditional processes. Far fewer establishments cited other reasons including: economic uncertainty (17%); lack of financial resources (15%); lack of appropriate expertise/knowledge (10%); being unable to access external assistance or advice (7%).

Innovation activity appears to be highly reliant on collaboration, particularly with other businesses, more so than the availability of R&D functions and facilities. Facilitating business networking and knowledge sharing would be highly likely to lead to greater levels of innovation in the City Region. This will be addressed by the Business Hot House programme Strand 3 – Monetisation of Innovation, as well as BRITE, DRIVA and BRAIN which are all explicit R&I programmes.

In addition, the Universities of Brighton and Sussex in partnership with West Sussex County Council, have a pipeline project to pilot Innovation Advisors to work with existing projects and networks to support SMEs with bespoke innovation advice. If funding for this pilot project is secured, the test areas will be Coastal West Sussex, Rural West Sussex and Gatwick West Sussex.

Business Growth

The most frequently, spontaneously, mentioned obstacle or difficulty facing businesses is the UK's exit from the EU (17% of all establishments). Global instability and uncertainties around 'Brexit' are mentioned by 3%.

Second on the list is competition, including increased online trading (11%), which may also be linked to the third most frequently mentioned difficulty which is lack of customer demand/footfall.

- Competition, including increased online trading, is significantly more likely than average to be mentioned by wholesale/retail establishments (21%) and is also significant amongst finance/insurance establishments (22%). To help address this barrier BRITE and the Innovation Advisors will help SMEs innovate their activity and address how their innovative products and services are marketed taking competition in to consideration.
- Business regulations/red tape feature more frequently than average within real estate etc (23% cf. 6%) and construction (11%) sectors. Flexible space such as that provided by Plus X helps to address some of the immediate concerns for SMEs who wish to scale and innovate.

Accessing non-repayable finance (grants for instance) is significantly more likely than average to be cited as an obstacle for education (18%) and health (14%) establishments, while the latter are also more likely to cite cash flow (10%), alongside establishments in the arts/entertainment/recreation (15%) sector. This will be addressed by Strand 6 of the Business Hot House – the £2.8m grant programme administered by BHCC. Furthermore, DRIVA and LOCASE also offer grants for SME R&I activity.

NB: ERDF regulations for R&I hinder the ability of projects to provide direct financial advice or support in gaining innovation funding.

One in nine (11%) of establishments operating in the health care sector mention recruiting the right staff/staff with the right skills as challenge. STEP UP will help to address this gap by helping to retain and utilise higher level skills within the region.

Strand 1 of the Business Hot House – Productivity and Growth will provide a series of workshops that will help businesses to become more competitive and learn how to create growth. This will be delivered by Sussex Innovation Centre.

While amongst arts/entertainment/recreation establishments lack of customer demand/footfall is a significant issue (21%).

While not statistically significant, a higher proportion than average of manufacturing (24%) and administrative/support services (23%) establishments mention the UK's exit from the EU as a potential obstacle or difficulty they face. This will be addressed by standard growth hub activity and anticipated central government funding to maximise the opportunities ahead.

4 COMMUNITY ENGAGEMENT & CONSULTATION

The preparation of this paper has involved discussions and contributions from all three universities; the University of Chichester, the University of Sussex and the University of Brighton. Local authority partners and members of the Greater Brighton Officer programme Board have also provided information on the business support programmes available in their area. The Greater Brighton Business Survey 2019 consulted with 1,500 local business establishments to understand their support needs and these are addressed in the paper.

5 CONCLUSION

- 5.1 The current landscape of business support provision across the C2C region is wide and varied. With the launch of the Business Hot House, there is the best provision that has been in place for the last ten years as outlined in sections 3.2-3.12. However, this paper does demonstrate that the landscape is a complex one and it's not always easy for businesses to know what support is available and how best to access it. There is a potential for a one-stop-shop approach to make the process of accessing support more transparent and more straightforward.
- 5.2 A large percentage of the tax payer funding provision is reliant on EU funding which will cease to exist after 2022. It is important that the Board promotes the

existing offer to City Region businesses so as to maximise uptake. At the same time there is a need to look ahead to what business support provision is going to be beyond 2022 as future funding arrangements are uncertain. The Board should do what it can to ensure that funding of crucial business support programmes continues once EU funding ceases, and this includes making a strong case to Government for continued investment.

6 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 6.1 The Greater Brighton Economic Board Operational Arrangements 19/20 report to the Board on 26 March agreed the allocation of £30,000 one-off funding to support the Business Hot House programme. This allocation is match funding toward the EU funding. The Business Hot House is a three year Business Support Programme part funded by the EU and is due to cease making contributions from October 2022.

The Business Hot House has six strands which includes assisting business to access finance as well as distributing grants to businesses to assist with productivity improvements (£1.17m of grants), grants for business innovation (£0.967m) and grants designed to support revenue or capital based projects (£2.8m).

*Finance Officer Consulted: Rob Allen, Principal Accountant
Date: 06/01/2020*

Legal Implications:

- 6.2 There are no legal implications arising directly from this report

*Lawyer Consulted: Joanne Dougnaglo, Senior Property Lawyer
Date: 06/01/2020*

Equalities Implications:

- 6.4 None directly arising from this report. Equalities issues will be addressed on a project-by-project basis as part of the wider management of the Business Hothouse Programme and other programmes detailed in this report.

Sustainability Implications

- 6.4 None directly arising from this report. Sustainability issues will be addressed on a project-by-project basis as part of the wider management of the Business Hothouse Programme and other programmes detailed in this report.

SUPPORTING DOCUMENTATION

Appendices:

1. Local Authority Business Support Programmes

Background Documents:

1. [Greater Brighton Business Survey Final Summary](#)

