Wave 2 Growth Hub Programme

Interim Report

The contents of this report include excerpts, observations and analyses from strategic programme documentation, supported by primary data including quarterly metrics supplied by the 15 Growth Hubs. In addition 84 qualitative interviews were conducted during 2015 with all the W2GHs, their delivery partners, national and local policy makers and the Lancaster programme team.
Preface

Professor Eleanor Hamilton
Wave 2 Growth Hub Programme Director

Lancaster University has a world-leading reputation for the excellence of its entrepreneurship, research, teaching and engagement with business.

The Wave 2 Growth Hub programme, was a novel and demanding programme but one which the University was honoured to be able to deliver by working with 15 of the new hubs. The programme not only demonstrated the vital role that universities can play in supporting the needs of business in the UK but was ground-breaking in terms of its scale and its role in enabling agile and effective policy implementation in the transition to local devolution.

At a time of unprecedented change in the business landscape with year on year increases in the number of new businesses; the growth in self-employment and growth across a variety of different sectors and size of businesses, the need for locally tailored, responsive and appropriate business support could hardly be greater.

The drive for growth, the re-balancing of the economy and the dominance of micro and small businesses all drew on Lancaster University’s unique experience with business to support the development of hubs that work.

Although, it is too early to fully judge the success of this initiative, the fact that the network that we created has developed to become a national resource which continues and now includes hubs from all 39 Local Enterprise Partnership areas, demonstrates that a key element of our approach made a significant contribution to the development of a new business support infrastructure across England.

Small businesses are Britain’s engine room. We are getting behind them so that they can create more jobs and opportunities across the country.

Growth hubs play an important role in promoting enterprise by ensuring businesses can access the national and local support they need to succeed. I’m confident they will help lots of entrepreneurs to boost their business, adding value through local expertise.

The Rt Hon Anna Soubry MP, Minister for Small Business, Industry and Enterprise
Wave 2 Growth Hub Programme


As an early initiative in the devolution and local growth agenda the £32m W2GH Programme was funded through the Regional Growth Fund (RGF) and was developed by the University in collaboration with the Cabinet Office, the Department for Business, Innovation and Skills (BIS), British Chambers of Commerce, BIS Local and the Department of Communities and Local Government (DCLG).

Lancaster University’s recognised ability to translate world class research into programmes with proven economic impact lay at the core of the Programme. The University has an outstanding track record of supporting growth in small- and medium-sized enterprises (SMEs). In 2013 Lancaster University was one of only three UK Business Schools to be awarded Gold status by the Chartered Association of Business Schools (CABS). The programme itself won the prestigious Academy of Management (AOM) Runner Up Practice Research Centre Award in recognition of the outstanding contribution and impact of the programme on society and the economy.

In February 2016 the programme was also selected by the Association to Advance Collegiate Schools of Business (AACSB) in their Innovations That Inspire initiative. This global accrediting body and membership association aimed to shine a spotlight on ways that business schools around the globe were driving innovation in the business education environment.

Each Wave 2 Growth Hub (hereby collectively referred to as the ‘W2GH’) worked to link locally tailored support with national business support offers, including what at the time was the Business Growth Service, Innovate UK (formerly the Technology Strategy Board) and UK Trade and Industry (UKTI). The implementation of the programme involved 42 universities, 19 Chambers of Commerce and 17 Local Enterprise Partnerships (LEPs) as well as a wider network of public and private partners delivering a range of business support from face-to-face advice through to investment and grant schemes.

The wave 2 growth hub (W2GH) programme accelerated the availability of responsive and accessible business support across the country and created powerful networks of locally based organisations in 15 hubs across the country.

Programme Achievements

The Lancaster W2GH Programme accelerated the availability of responsive and accessible business support across the country and created powerful networks of locally based organisations in 15 hubs across the country.

MORE THAN
4,000
WILL HAVE BEEN CREATED BY
2017

Over 67,000

It is estimated that over 67,000 SMEs have engaged with their local Growth Hubs to date accessing everything from web-based information to detailed support for business development and investment.

Across these hubs more than 4,000 private sector jobs will have been created by 2017, significantly exceeding the original expectation of 2,500.

The programme has leveraged over £66m of private sector investment in response to the £30m of public funds invested in SMEs.

Figures taken from the Report on Performance (Period 9 to end December 2015)

The Lancaster University
Wave 2 Growth Hub Programme: Key Insights

Importance of local context
One size does not fit all
A theme that emerged strongly from this programme was the importance of the local context. If business support is to work effectively then local context is critical and has to play a central role. This approach was seen to provide valuable support above and beyond what generic business support can do. This was mainly because it allowed activities to be tailored specifically to the local context and the needs of local businesses. The W2GH Programme allowed Growth Hubs to design their local offer based on market research and identified gaps in business support and their wider Strategic Economic Plan. Evidence across the Growth Hubs supported the need for local historical and economic differentiation, in conjunction with national business support offers. There seemed to be a place for both and differentiation, in conjunction with national business support offers.

Collaborative planning and implementation
Internal and external collaborations were key to the success of this programme. To become a local single point of contact for business support, Growth Hubs were prompted to design their offer based on local collaborations and partnerships. Additionally, Lancaster University assumed the role of enabler of the network of Growth Hubs, providing support throughout the programme.

In creating formal and informal feedback mechanisms, the University was able to respond to the emerging needs of the individual Growth Hubs and the network as a collective.

Local business support requires local advisers
Our research uncovered how face-to-face advisers or navigators (as several hubs called them) constituted an essential part of the Growth Hubs. These advisers held multi-faceted roles across the network, again tied to their local context. They appeared to be central to Growth Hubs’ strategies to reach businesses that were further afield, for example in areas with a large rural economy. Future funding opportunities should consider the criticality of these roles and the benefits they provide in addition to a web or telephone service.

Local policy interventions can make a difference
Studies have long argued that local policy interventions can make a difference. However, empirical evidence has been scarce. The W2GH Programme demonstrates unequivocally that local business support interventions can have a substantial impact on job creation and local growth.

Role of Lancaster University
Demonstrating the value of an agile implementation framework
Lancaster University has a strong track record in the project management of large-scale, multi-partner knowledge exchange programmes. However, the scale and scope of this programme was unprecedented in terms of the governance role attributed to a Higher Education Institution (HEI). The activity in terms of fund holding, distribution, monitoring and evaluation was path-breaking. Through dedicated structures, Lancaster University went beyond the mechanics of compliant competent project management, to add value to the emergence, development and implementation of the local Growth Hubs. This programme exemplified the added value of HEIs to delivering Government policy and their role in supporting economic growth at local and national levels.

The importance of establishing a learning network across the Growth Hubs
Due to the large scale of the programme and the geographic dispersal of the various participants across 15 regions of England, an important stream of activity was to create a strong and active Growth Hub learning network. This activity facilitated interactive learning and embedded formative evaluation milestones to allow the Growth Hubs to continuously improve. The network’s success is testified by its continuation and extension to all Growth Hubs.

The Wave 2 Growth Hub Programme set out to create an effective infrastructure for business support beyond the major English urban areas and was aligned with the increased drive for local devolution of economic growth.

The programme was centred at the nexus of the local growth and devolution agendas and the ambition to re-balance the English economy. The devolution of responsibility for local growth was set out in the Budget Statement of 2010 and a range of powers were devolved in the Localism Act of 2011. The Cities White Paper initially delivered devolution deals with the eight major cities (Wave 1 Cities) and following from that success the policy was rolled out to the next 14 largest cities and their wider LEP areas and a further six with the highest population growth between 2001 and 2010 (known as the Wave 2 Cities).

Encouraged by the Heseltine report “No Stone Unturned: In Pursuit of Local Growth”, the process of devolution has gained rapid momentum. The recommendations of the Heseltine Report were accepted as part of the 2013 Spending Review and detailed in the Treasury document, Investing in Britain’s Future. This confirmed the creation of a Single Growth Fund drawn from the existing skills, housing and transport budgets from 2015-2016. By March 2014 all of the 39 Local Enterprise Partnerships had submitted Strategic Economic Plans to Central Government which became the basis for negotiating their “Growth Deals”. Each of these recommendations were implemented and have set the scene for the roll-out of Growth Hubs beyond the initial group supported by the Wave 2 Programme to all LEPs across England.

While the eight largest English cities had driven their local devolution of economic growth.

The need for more co-ordinated and more effective business support in each of the Wave 2 Cities underpinned the creation of Growth Hubs to provide easy access points for businesses and to co-ordinate and channel nationally provided schemes into local businesses as appropriate to local needs and opportunities - within the programme this became known as the co-ordination element of each hub. Growth Hubs also had the opportunity to develop specific bespoke activities designed to address local market gaps – known as the bespoke element.

Growth Hubs are locally led and locally owned by LEPs and aim to bring together all the key local, national, public and private sector bodies involved in supporting business in a streamlined and effective manner with the business customer at the centre of the system.

The localisation of business support through the Growth Hubs has increased significantly since the introduction of the Wave 2 programme. There are now 39 Growth Hubs across England (one in each LEP area) providing support to 100% of the registered business population.

In addition, all businesses can find the support they need via GOV.UK, which is supported by a Business Support Helpline and online tools. The British Business Bank is up and running, helping over 43,000 smaller businesses. UK Trade and Investment is leading a mission with the private sector to double UK exports by 2020 and innovation support is being provided by Innovate UK.

The Department for Business Innovation and Skills (BIS) has provided funding to 39 LEPs in 2015-16 via Local Growth Deals to establish or enhance existing growth hubs. Following the March 2016 Spending Review BIS will also make £24 million available (2016-18) to further embed growth hubs in every LEP area and assist them towards becoming self-sustaining.

The drive to localism, evident at the beginning of the Wave 2 programme, has come of age and the Growth Hubs as a single point of contact for business support are an essential part of that local infrastructure.

Improving the business support landscape

Business growth and the creation of new jobs are dependent on firms increasing their productivity and becoming more innovative such that they can realise their potential. In order to do this, most businesses need independent external expert advice and guidance; however, they are frequently faced with a complexity of support programmes and a wide array of providers. This makes quick and effective access to the right support challenging.

Based on work already undertaken by the Cabinet Office and BIS with the Wave 1 Cities the W2GH Programme was designed to build capacity in the Wave 2 Cities (and their respective LEP areas) to support businesses to grow through better and more effective business support services.

Within each of the Wave 2 City Deals, it was expected that the cities would consider how they could emulate emerging good practice and learn from successful approaches in Wave 1, for example, by establishing a Growth Hub appropriate to their local economic and business context. The necessity for this was clearly recognised in the Government response to the Heseltine Review which stated:

“...SMEs require further support to fulfil their full potential. There is a wide range of advice and support available to small businesses but they often struggle to find what they need. There is therefore a clear need to improve co-ordination in the market for business advice, at the local level, the Government believes LEPs are best placed to aid the creation of strong and stable locally based private sector support networks for business, working with Chambers of Commerce, the Federation of Small Business (FSB), other bodies, private sector providers and other local partners. The Government encourages these organisations to work closely together to provide more engagement and support at the local level, and to agree the best way of providing a single, efficient, local signpost service for SMEs to find the help available in their area.”

The programme context

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This section reports analyses of the metrics reported by the 15 W2GHs including their engagement with individual businesses, information about the nature of the support provided and the characteristics of the businesses engaged.

Number of businesses contracting with the Hub: Outputs from contracts to December 2015

- 5,790 businesses assisted across the 15 W2GHs
- 1,261 SMEs have signed up for grants through the programme.
- The programme invested over £23m in direct business support activity.

The W2GH programme provided both co-ordinated advice and guidance and direct business support either through supplier contracts or directly by the Hub. The programme was constructed specifically to meet the requirements and rules of the Regional Growth Funding from which it was supported. Each hub was required to bring forward a programme of direct business support which was “bespoke” to the needs of business in their local areas and to provide a business information and advice “co-ordination” service which could not exceed 20% of the total RGF funding award. The co-ordination element has been continued with Government funding support into 2018 but the “bespoke” programmes were required to be fully allocated to local businesses by June 2015 which date marked the end of round four of the RGF funds.

The nature of this “dual” programme not only distinguishes the Hubs established under the W2GH programme but provides an interesting opportunity for comparator analysis in terms of business engagement and growth with those Hubs that have been established with sole responsibility for co-ordination and signposting to advice and guidance.

Nature of the engagement

The 15 W2GHs reported 13,070 ‘interventions’ with 11,530 businesses.

These interventions included: signposting through co-ordination advice; engagement through contact with a Growth Hub; coaching, training and events; bespoke support; and grants.

Variations in the number of businesses supported by W2GH were strongly associated with variation in the type of support that was provided.

Interventions delivered at W2GHs

<table>
<thead>
<tr>
<th>Percentage (and number) of each type of intervention</th>
<th>Bespoke Support</th>
<th>Coaching, Training and Events</th>
<th>Co-ordination Element Advice</th>
<th>Engagement</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</td>
<td>Bespoke Support</td>
<td>Coaching, Training and Events</td>
<td>Co-ordination Element Advice</td>
<td>Engagement</td>
<td>Grants</td>
</tr>
<tr>
<td>92 473 248 139 81 110 101 33 17 11</td>
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</table>

Key to Intervention Types

- Bespoke Support
- Coaching, Training and Events
- Co-ordination Element Advice
- Engagement
- Grants

As it might be expected, the nature of interventions varied substantially within the programme as the Growth Hubs developed their offer in the context of their social and economic histories. Growth Hubs were required to adapt their offer to their local market gaps. The chart that follows illustrates variations between the Growth Hubs in terms of the type of support provided.
Programme Performance: Businesses engaged

Size of businesses engaged
Most of the businesses supported by the W2GHs had fewer than 50 employees. Analysis of the data regarding size of the firms supported by Growth Hubs in the programme indicates that micro and small firms (less than 50 employees) were the main focus of assistance (more than 78% of interventions). The breakdown of businesses supported by the Growth Hubs, as illustrated below, reflects the fact that small and micro firms now make up 99% of all businesses in the UK.

![Size of businesses supported by W2GH](image)

Size of all businesses supported by W2GH
- Start up
- Micro <10
- Small <50
- Medium <250

An enhanced assessment of the type of assistance provided seems to indicate that support is intrinsically linked to the size of the company. For example, the majority of recipients of ‘Co-ordination Element: Advice’ were small businesses (10-50 employees). Reviewing the type of assistance provided indicates the need for tailored support. Support across different sizes of business showed variation and accorded with previous reports which indicated that younger and larger businesses sought support more often than others. There was also a differentiation of support sought by sector.

Economic impact
The objectives of the W2GH Programme, as set by the Regional Growth Fund, primarily focused on job creation and increasing private sector investment.

Creating 4,160 new jobs by 2017
The programme has created 3,201 new jobs (reported to the end of December 2015), exceeding the initial 2,500 target. By the conclusion of the monitoring period in 2017 the hubs predict that a total of 4,160 jobs will be created, as a result of the W2GH Programme.

![Jobs Reported vs Jobs Predicted](image)

Over £68m of private sector investment by 2017
Overall the programme has seen over £66m of private sector match defrayed and evidenced. The overall target for the programme was to achieve a ratio of £2 for every £1 of RGF spent on business support costs. As Figure 6 demonstrates the programme has already exceeded this target with an additional £4m being reported in the pipeline. The predicted investment from the private sector totals over £68m.

![Private Sector Match Defrayed](image)

Addressing issues relevant to the local economy resulted in a high degree of variation in the solutions designed by the different Hubs. Consequently, the data gathered is highly variable and this constrains comparative analysis.

![Addressing issues](image)

Start up
- Micro <10
- Small <50
- Medium <250

n=331
33%
n=209
15%
n=2392
45%

<table>
<thead>
<tr>
<th>Size of all businesses supported by W2GH</th>
<th>n=1756</th>
<th>33%</th>
<th>n=809</th>
<th>15%</th>
<th>n=351</th>
<th>7%</th>
<th>n=809</th>
<th>15%</th>
</tr>
</thead>
</table>

* Business Statistics, December 2015
  http://researchbriefings.files.parliament.uk/documents/SN06152/SN06152.pdf

* Metrics data provided by the Growth Hubs before June 2015 were collated into a single spreadsheet for analysis. In order to compare activity over similar periods, analysis at a Programme level conducted for this report was conducted using the June 2015 spreadsheet. Variations between the sites limit the conclusions that can be drawn until updated data is provided by all W2GHs.

* Addressing issues relevant to the local economy resulted in a high degree of variation in the solutions designed by the different Hubs. Consequently, the data gathered is highly variable and this constrains comparative analysis.

* BIS Research Paper 156, Research on Understanding Localised Policy Interventions in Business Support and Skills, December 2013
Lessons Learned: In developing the W2GHs

Engagement with partners and stakeholders

The extent of the W2GH network included over 19 Chambers of Commerce, 17 LEPs, 42 HEIs and over 200 local and national business representative, support and innovation organisations, alongside BIS, the Cabinet Office and DCLG. This range of institutions, all working together towards common goals, meant that businesses could be signposted to the most relevant and efficient mechanism of support.

The Growth Hub Network acted as an umbrella and intermediary for a host of institutions. How the W2GHs have structured and operated with their partners and stakeholders has been driven by local context, histories and pre-existing structures. There was considerable variation and there did not appear to be an optimal Growth Hub formulation:

- 12 of the W2GHs had a Local Authority partner as the accountable body
- 9 of the 15 Growth Hubs have LEPs leading the management of their Growth Hub and the majority of others have engaged with their LEP at some level
- 13 of 15 have worked alongside their Chambers of Commerce in the delivery of co-ordination and business support activity
- Several Growth Hubs are working alongside formal consortium of Chambers of Commerce or several local partners working together.

For example, South East Midlands LEP (SEMLEP), the accountable body for the Velocity Growth Hub organised a strategic event which brought together all the HEIs in their region—eight in total—in order to connect them with local businesses who attended. Universities were able to showcase their expertise and the resources they were available to businesses. Likewise, businesses were able to understand how universities work and how they can access these resources.

Velocity Growth Hub (SEMLEP)

“Whatever we encouraged the local universities to do was to pick out some of the key research areas that they worked in that they felt might be useful to businesses. There were various angles to it. They didn’t end up competing with each other that way.” James Stancombe, Velocity

Leadership and governance

At the outset of the programme it was recognised that a vital aspect to establishing an effective Growth Hub was appropriate governance and leadership models that could:

- Build on existing organisational structures where possible/appropriate
- Create a single point of contact that signposts businesses to public and private sector support at local and national levels
- Be responsive to local business needs

Good leadership and governance of such a wide range of stakeholders was essential in improving the co-ordination of local business support. One of the basics to get right was the co-ordination in the Growth Hub between all its elements—an element highlighted in recent studies. This included clearly articulating the offer and ensuring there was good communication between different stakeholders internally and externally. This co-ordination allowed the Growth Hubs to leverage local, regional and national programmes and avoid duplication by amplifying existing national schemes such as the Business Growth Service (formerly the MAS and Growth Accelerator), UKTI, and Innovate UK (formerly TSB). This coordinated approach was also designed to make the customer journey as seamless as possible underpinned by professional handovers between partners. Qualitative evidence also suggests that this governance model generated higher levels of satisfaction with the Growth Hubs which in turn increased the number of overall referrals and first-time clients.

Structure for Action

Like in many other cases, the creation of the Stoke-on-Trent and Staffordshire Growth Hub was preceded by a series of meetings between local stakeholders. Various organisations contributed to the success of these knowledge sharing and opportunity-seeking meetings. The Growth Hub also established an ‘Enterprise Round Table’ to keep local and national stakeholders informed about local business cases requiring support. Our evidence shows that these collective efforts resulted in more timely and effective interventions due to the proactive role of the organisations included at these meetings.

Stoke-on-Trent and Staffordshire Growth Hub

“Before our growth hub even kicked off we had something called Enterprise Round Table... that had been meeting for... over a year. It was a representative group of the key business support organisations in the LEP area. Nationals were on there, both local authorities were on there, some of the borough councils were invited and then on top of that, there was Staffordshire Chambers, both the universities and the Business Innovation Centre. So it was the key organisations... that got together and basically shared information on business support activity, new activity, issues, company issues and gaps.” Steve Lovatt, Stoke-on-Trent & Staffordshire Growth Hub
Lessons Learned: In developing the W2GHs

Involvement of Chambers

The original policy formulation of the W2GH Programme envisaged the active involvement of Chambers of Commerce in Growth Hubs. The perceived benefit of having Chamber engagement was the assumption that they would bring an understanding of local context.

Two examples of different ways in which Chambers of Commerce were configured in the design and delivery of Growth Hubs are illustrated here. Stoke-on-Trent and Staffordshire Growth Hub engaged with businesses through their five regional Chambers of Commerce, allowing a level of co-ordination that they had not had previously and Solent Growth Hub’s delivery model, in which Hampshire Chamber of Commerce delivered the co-ordination element of the Growth Hub.

Stoke-on-Trent & Staffordshire Growth Hub

Background

1. Loss of Business Link.
2. County Council worked with skilled local partners, that delivered direct support.

Key Outputs from Delivery Plan for Stoke-On-Trent and Staffordshire Growth Hub

- 134 jobs created
- 1660 business engaged by the Growth Hub
- 94 businesses assisted to improve performance
- 120 pre-start businesses assisted
- £2.48m of funding invested with businesses
- 120 pre-start businesses assisted
- 94 businesses assisted to improve performance
- 1660 business engaged by the Growth Hub

The following Chambers of Commerce actively participated in the W2GH Programme:

1. Black Country Chamber
2. Dorset Chamber of Commerce and Industry
3. Suffolk Chamber of Commerce
4. Coventry and Warwickshire Chamber of Commerce
5. Hull and Humber Chamber of Commerce
6. Bedfordshire Chamber of Commerce Ltd
7. Northamptonshire Chamber of Commerce Ltd
8. Milton Keynes Chamber of Commerce Ltd
9. Bucks 1st Chamber of Commerce
10. Oxfordshire – Thames Valley Chamber of Commerce
11. Thames Valley Chamber of Commerce & Industry
12. Plymouth Chamber of Commerce and Industry
13. Hampshire Chamber of Commerce
14. Essex Chambers of Commerce
15. Staffordshire Chambers of Commerce
16. Inspire by Wessex Chambers
17. Business West Chamber of Commerce
18. Swindon (TV) Chamber of Commerce
19. North East Chamber of Commerce

Solent Growth Hub

Background

1. Solent economy was impacted by the recession and the closure of two major businesses.
2. The area had low levels of business start-ups and over-reliance on large businesses.
3. Private sector must be the catalyst for growth.

Key Outputs from Delivery Plan for Solent Growth Hub

- 253 jobs created
- 74 jobs safeguarded
- 2100 businesses engaged with Hub
- 45 businesses assisted to improve performance
- 189 businesses with improved performance
- 32 new business start ups created
- £2.082m funding invested in businesses

80% Business Support

- Small Business Grants Scheme
- SME Growth Programme
- High Growth Investment Programme
- Delivery by mix of local and national providers

Other Local Support and Programmes

- DorMen Access to Alternative Finance Programme
- Skills Agency LEP Apprenticeship Programme
- Local Authority Programmes
- Chamber of Commerce Partnership

Programmes

- Small Capital Grants Programme – targeting start ups and new businesses
- Small Revenue Grants Programme – for business to improve performance or develop products / markets
- Mix and Match of Revenue and Capital Grants

Staffordshire Chambers of Commerce Enterprise Partnership

North Staffordshire Chamber
Litchfield & Tamworth Chamber
Stafford Chamber
Burton & District Chamber
Chase Chamber

Other Local Programmes

- Business Loan Fund
- Jobs & Growth Fund
- Innovation & Growth Programme

Other LEP Programmes

- Bridging the Gap Fund
- Business Advisers
- Online web portal

Delivered by University of Portsmouth

Other LEP Programmes

- Solent Green Growth
- Economic Development Officers from Local Authorities
- Links to national partners
- Business Advisers

Delivered by Hampshire Chamber of Commerce

Other LEP Programmes

Suffolk Green Growth
- Economic Development Officers from Local Authorities
- Links to national partners
- Business Advisers

Delivered by Hampshire Chamber of Commerce

Other LEP Programmes

- Solent Green Growth
- Economic Development Officers from Local Authorities
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Other LEP Programmes

- Solent Green Growth
- Economic Development Officers from Local Authorities
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- Business Advisers

Solent LEP

Additional Information

Lancaster University has awarded an extra £200,000 to support the Enterprise Vouchers scheme.

123 businesses referred to national programmes.
53 new business start ups
130 businesses with improved performance
£2.48m of funding invested with businesses
120 pre-start businesses assisted
94 businesses assisted to improve performance
1660 business engaged by the Growth Hub

Key outputs are:
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- 94 businesses assisted to improve performance
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Bridging the Gap Fund

- Enterprises Vouchers
- Investment Grants
- Business Advisers

Delivered by University of Portsmouth

Other LEP Programmes

- Solent Green Growth
- Economic Development Officers from Local Authorities
- Links to national partners
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Lessons Learned: In delivering the W2GHs

Addressing local business needs
Each Growth Hub was responsible for devising an appropriate range of activities with the aim of effectively responding to the business support needs in their locality. This process was co-designed within the cities with the support of the Cabinet Office, BIS and Lancaster University. The co-design process ensured each delivery plan addressed the local needs of businesses as well as aligning with the programme’s overall principles and strategic priorities. This process was particularly underpinned by Lancaster University’s evaluation criteria. Their in-depth delivery plans detailed the areas that the Growth Hubs would strategically target including:

Economic impact
• Responds to local growth opportunities or challenges
• Results in significant jobs created or safeguarded
• Leverages private sector match spend
• Leads to increases in private sector productivity

Strategic fit
• Aligns with local plans for European Structural and Investment Funds (ESIF) and Local Growth Deals
• Aligns with local plans for ESIF and Local Growth Deals
• Complements rather than duplicates national business support programmes

Partnership Working
• Demonstrates strong partnership working with key economic development stakeholders
• Develops specific partnerships with private sector representatives, Chambers of Commerce, universities (including business schools), enterprise agencies etc.

Deliverability
• Ensures that proposals are realistically deliverable inside the life of the programme
• Recognises that higher risks in delivery significantly affects appraisal scores

Sustainability
• Provides options for future sustainability of proposed activities after the RGF grant funded period has elapsed

The evaluation panel also took into account innovations in practice or policy and looked for evidence of how business support interventions would be measured, including details of proposed monitoring and tracking systems.

Navigators
Face-to-face business advisers were an important element in most W2GHs, commonly known as “navigators”. This term referred to a person, or group of people, working in a Growth Hub (perhaps not exclusively) that interacted with businesses to provide tailored advice and support. This role helped businesses to understand and match their needs against existing business support. One of the key activities developed by navigators was to support business owners in understanding the potential areas for personal improvement specifically in terms of managerial and leadership capabilities – one of the most important barriers for SME growth.

Different approaches to the basic concept of navigators were implemented, based on the local context of each Growth Hub. In some Growth Hubs navigators were organised geographically (see New Anglia case study), while in others they were organised by sector expertise (see Oxfordshire case study). Common characteristics of navigators in the programme included a high degree of local knowledge, pre-existing networks and good networking skills, and often extensive experience of working in and supporting businesses.

Again, the key lesson that emerged was that a one-size-fits-all approach is not appropriate when looking at locally-based needs. Growth Hubs were able to adjust and adapt the key concept of the navigators to fit their local circumstances. New Anglia Growth Hub and Oxfordshire Innovation Support for Business exemplify different ways in which the navigators concept can be structured and implemented. We cannot say that a sector based, or geographically based approach is better, because each have been found to work well in the different Growth Hubs. We can, however, underline the value of having individuals who are knowledgeable both about the support on offer and the needs of businesses in the local area.

From our research it appears that navigators should have a high degree of local knowledge, be well networked, and have experience of working in business.

Network Navigators in the Oxfordshire Growth Hub
In Oxfordshire, the ‘Network Navigators’ have been structured according to sectors. There are a large number of Network Navigators employed on a part time basis by the Hub, alongside their sector-based work they have other roles. The Network Navigators work with the following different sectors and clusters:

• Cryogenics, Digital, Media and Publishing, Investment, Life Sciences, Low Carbon, SME Support, Social Enterprise (two Network Navigators), Space and Satellite Applications
• New Anglia: a network of local advisers

The New Anglia Growth Hub was launched at the Norfolk and Suffolk County Shows in June 2014. It provides support for businesses and those wishing to start a business. New Anglia growth Hub employs a team of 10 advisers who navigate through local and national schemes to offer businesses in their patch the best chance of starting up and developing. Because of its rural landscape and complex geography, the growth Hub took the decision to employ a network of locally recognised advisers. These advisers receive leads from the National Helpline, social media and local marketing campaigns and often meet with businesses face-to-face. The face-to-face approach has helped the Hub to develop a strong relationship and support companies that have strong growth potential. The face-to-face approach has also helped to reach and support companies in remote rural areas.
Lessons Learned:
In delivering the W2GHs

Grants
The 15 W2GHs received 1,511 grant applications. A number of critical factors impacted the way each Growth Hub awarded grants to businesses (this is elaborated on in the following section).

The most common factors were market gaps and Growth Hub strategy. Therefore, while the grant activity was substantially greater in some Growth Hubs than in others, the overall grant activity across the Growth Hubs appeared to confirm the results of recent studies regarding the important role of policy interventions in stimulating the additional availability of funds for SMEs.

A detailed analysis of the outcomes for a subset of 915 applications (recorded up to June 2013) found that: 660 applications were successful (612 businesses); 148 were withdrawn, or initiated and then not fully submitted, and 107 were not successful.

Access to finance was a key feature of this programme and proved popular and over-subscribed. The evidence supports the assertion that “grants” was a core issue for local businesses at that time. As described on page 11, only one Growth Hub did not offer grants as part of their local support package.

An interesting finding, illustrated below, was that more than 90% of the businesses that received grants through this programme were small or micro enterprises.

Findings from the W2GH Programme suggest that reaching the optimal point in terms of risk-reward is not simple. The time and resources that are needed to administer large and small grants appears to be similar. Of course a balance needs to be maintained, and the practice Solent Growth Hub implemented of increasing the layers of due diligence as the grants became larger could be a useful model to future Growth Hubs operating grants schemes.

Responding to market demand
TVBC Growth Hub is a case where changes to the grant schemes were made in response to demand from local businesses:

“Initially, we went for a minimum grant threshold of £25k because it was half the Let’s Grow level and our experience really had only been based on the Let’s Grow programme, previously, because there hadn’t been a capital grants scheme at all prior to that. Not since the demise of the RDA in the region. So, this was quite new, so we experimented but quickly found that the majority of applications were at a smaller level... [We] tried to make it £25k; that didn’t really work because the demand wasn’t really there so we reduced the threshold to £10k and I think we have hit the sweet spot now because it’s flown out the door quite quickly.”
Simon Allen, TVBC Growth Hub

Flexibility: The key to success
The flexibility of the funding and the programme allowed local Growth Hubs to provide grants in identified market gaps including sectors such as tourism. In line with theory, these targeted initiatives seemed to create significant value.

Additionally, and contrary to previous assumptions, the Growth Hubs reported that grant receivers understood the relationship between grants and job creation. One aspect of the grants schemes was the effectiveness of small grants in leading to job creation and the ability to access other sources of funding (for example from banks).

In addition, the way in which the scheme was administered by Lancaster University, with an agile implementation framework embedded in the governance of the scheme, allowed for changes and adjustments in local delivery plans. In turn, this provided the Growth Hubs with the ability to rapidly and effectively respond to market demand. The example from TVBC demonstrates a concrete response to market demand.

Innovation Vouchers
A type of intervention that was widely attempted and implemented across the various Growth Hubs was Innovation Vouchers. These provided support for particular innovation services or support to be procured by a business, usually working alongside a university or educational institution. These were mentioned by several Growth Hubs under the category of interventions that were resource intensive to deliver, especially because of the time frame of the programme.

Growth Hubs reported that these initiatives were slow to start up, raising concerns about meeting targets. However, when partners responded decisively to these challenges, a critical point was often reached and suddenly large numbers of businesses signed up with demand exceeding availability.

Research conducted across the Growth Hubs seems to indicate that while there was demand for these vouchers, it did take time for both the business community and Growth Hub partners to develop relationships and deliver the outputs of these interventions. Existing research indicates that these challenges reported by W2GHs in the adoption of innovation vouchers are not unusual.

Solent Growth Hub: adoption of Innovation Vouchers
To effectively run an innovation voucher scheme, Solent Growth Hub engaged in a partnership with Hampshire Chambers of Commerce where businesses with strong growth potential were signposted to apply for Enterprise Vouchers. After being accepted on the scheme companies went through an innovation audit (funded up to £20k) conducted by the University of Portsmouth Business School that then identified and offered further 1:1 support.

The scheme was particularly successful in Solent where articulation between partners and the leading role of the Business School motivated engagement to this scheme:

“I think the innovation vouchers have been successful, we have had a lot of applications for that and have increased the funding there with the extra money we’ve got.”
Professor Alastair McDermott, University of Portsmouth Business School

Figure 10: Overview of grants awarded per size of business
Lancaster University facilitated a peer-to-peer learning network, enabling the sharing of good practice and co-ordinated approaches to hub development and delivery.

An agile implementation of policy

The key challenge in the first instance for Lancaster University was to design, orchestrate and manage the:

- Bidding process for the Wave 2 City regions to access financial support from the RGF to establish Growth Hubs and support job creation in local businesses.
- Disbursement of funds to the cities against appropriate RGF objectives and criteria.
- Design and implementation of a monitoring and evaluation approach.
- Peer-to-peer network enabling the sharing of good practice and co-ordinated approaches to Growth Hub developments and delivery.

The diagram above was developed to communicate and structure the process to achieve these aims. It shows the initial phases of co-design where Lancaster University worked closely with colleagues from the Cabinet Office and the Wave 2 cities to develop and submit applications for their Growth Hubs. At the same time the overall governance of the programme was established, including the Programme Board, chaired by Professor Sue Cox, Dean of Lancaster University Management School and the Evaluation Panel, chaired by Dr Cathy Garner.

Lessons Learned:
In supporting the performance of the W2GHs
Lessons Learned: In supporting the performance of the W2GHs

Lancaster University established two strands of support and an agile policy implementation process model.

**Strand 1**
- **A Programme Secretariat to:**
  - Manage the ongoing claims process with successful cities, a quarterly claims process with DCLG and audit grant payments across all stakeholders;
  - Provide appropriate information and guidance to cities regarding RGF eligibility, process and procedures for claims, reporting and maintaining audit information.

**Strand 2**
- **A Knowledge Exchange and Research (KE&R) team to:**
  - Bring experience and expertise to the bid evaluation process and ongoing assessments of progress;
  - Provide supportive development of W2GH with the Wave 2 Cities – by bringing knowledge of “what works” with SMEs;
  - Facilitate a good-practice and learning network with the W2GHs.

**Shared Remit Across Support Strands**
- Undertake periodic reviews to assess progress and report back to Programme Board on progress and if necessary make recommendations for remedial action and/or interventions (formative evaluation);
- Work in partnership with BIS; Cabinet Office Cities Policy Unit (now Cities and Local Growth Unit) and other relevant UK Government departments and agencies to enable knowledge sharing in relation to Government programmes and assets for business support;
- Working with BIS (Enterprise and Economic Development Analysis team) and others to set frameworks for the collection of information from the W2GHs to ensure formal summative evaluation.

**The funded Wave 2 Growth Hubs were asked to:**
- Develop Growth Hub delivery plans;
- Build partnerships with locally relevant agencies;
- Link with national programmes on business support;
- Establish appropriate governance structures and systems;
- Deliver the programme as specified and to clear fiduciary standards;
- Collect metrics data from companies to enable performance monitoring;
- Undertake formative evaluations of local schemes to highlight and ensure removal of underperforming and / or duplicative support offers.

**Support was provided by Lancaster University through a number of activities including attendance at Steering Group meetings, visits for monitoring and evaluation purposes and providing systems training and guidance.**

**Build partnerships with locally relevant agencies.**

**Building and facilitating a learning network**

An important component of the events organised by Lancaster University throughout the programme was to facilitate peer-to-peer networking. This enabled the W2GHs to exchange knowledge and experiences. The workshops created the space to step back from their day-to-day operations and dedicate time to thinking strategically. Two events were particularly designed to prompt reflective thinking.

**The Business Growth Hub Network: Inaugural Workshop**

In January 2014 the first workshop for the Wave 2 network enabled the cities to meet and discuss issues and share ideas as they began to implement their delivery plans. The key themes that came out of the discussions were:
- Focusing on the customer journey and what businesses want and need and how to add value
- Consistent message, branding and sharing information
- Building up local networks, working across boundaries, trust and translation
- Local context and national schemes

**Formative evaluation and capacity building: a model for agile policy implementation**

Lancaster University worked with the hubs and with the policy directorates of central government, including BIS, Cities and Local Growth Unit and DCLG to undertake a rapid and agile implementation of the Wave 2 Growth Hub programme. Given the tight timescale available for set-up; development and delivery of business support in the 15 areas between September 2013 and July 2015 and its implementation tailored to each locality, it was likely that a rigid adherence to initial design and delivery would have proved less than successful.

Feedback loops on progress; the creation of a learning network which shared good practice and mechanisms to enable strategic and measured change to programme delivery was judged to be the most appropriate route to success. By implementing this approach, in real time, with reflective input from users, delivery on the ground was tailored accordingly. By learning what was working and sharing it through the network – it was possible for the hubs to adapt to local differences as they developed. Pilot interventions which were reviewed and evaluated from time to time were the key to understanding what could best meet both business needs and the policy aims in a restricted time-frame.

**The processes of activating a learning network**

![Diagram](image-url)

**Evaluation Panel**
- **Quarterly Progress Monitoring Reports (PMRs)**
- **Programme completion June 2015**
- **Annual Review**
- **Monitoring and Control**
- **Steering Groups**
- **Launch September 2013**
- **Early co-design with cities, city policy unit and university**

**Activation of a learning network which co-produces and shares good practice and problem solving**

**Figure 12:** Process of activating a learning network
Lessons Learned: In supporting the performance of the W2GHs

"I would put my money on the people who live and breathe and are reliant on the success of the local economy. That is what this university is helping the government to do – and that is creating Growth Hubs."

The Rt Hon Lord Heseltine, CH 8th December 2014

Contributions to policy and research
Optimising policy on business support, local growth and decentralisation are not limited to the context of the UK. The KE&R team from the W2GH Programme has contributed to debates at a local, national and international level.

- Dr Cathy Garner, Strategic Adviser on the W2GH Programme, provided oral and written evidence to the BIS Select Committee on ‘Government Support for Business’.
- The W2GH Programme team delivered eight Growth Hub networking events on a range of topics from evaluation to smart specialisation and stakeholder analysis.
- Dr Cathy Garner and Professor Eleanor Hamilton delivered a workshop on the Wave 2 Growth Hub programme at the Universities UK conference ‘Universities, communities and business: collaborating to drive growth and power innovation’ 27th April 2016, attended by Universities, LEPs and Policy Advisers.
- Tracy Milson delivered a session on the programme structure and achievements at the Northwest Universities European Unit meeting.

Members of the KE&R group presented papers at a number of national and international conferences and workshops disseminating the lessons learned from the design and delivery of the W2GH Programme with a view to publishing and contributing to understanding agile policy implementation, developing networks to support growth and regional policy.

Wave 2 Growth Hub Showcase
On 8th December 2014, an audience of 150 people including representatives from all 15 Growth Hubs, business leaders, representatives of national and local government and other stakeholders gathered at Lancaster University Management School to discuss the impact of Growth Hubs.

The showcase event included a keynote from Lord Heseltine and a ‘Question Time’ - style panel where business leaders put their questions to representatives of the Manchester Chamber of Commerce, the Cabinet Office, BIS and Cumbria LEP, as well as business owners.
The W2GH Programme funded by the RGF and led by Lancaster University supported the development of 15 Growth Hubs. The W2GHs were developed from a concept into functioning delivery organisations in just over a year due to the effort and dedication of partners across the network.

Growth Hubs as local institutions for future business support

A 2013 report from the National Audit Office11 charted the disconnect that occurred between the closure of the Regional Development Agencies and the establishment of a new infrastructure for business support. Too many, separately managed and monitored funding initiatives raised the risk of co-ordination failure. The Growth Hubs began to provide not only a co-ordination of support on the ground but also a demonstrable link between national and local provision. The W2GHs and the emerging wider network of Growth Hubs will become the “go-to” organisations for valued business support.

As part of the development of Growth Hubs, there were a number of initiatives aimed at communicating the hub as the new go-to institution for local business support.

Growth Hubs can provide a single focus for the delivery of business support locally, but it is crucial that LEPs use and co-ordinate their activities with Growth Hubs to ensure that the shared goals of the area are delivered.

Federation of Small Businesses, 2015

Growth Hubs will and should evolve to ensure their continued relevance to business but that evolution should be driven locally where stakeholders and partners agree that changes can benefit the local economy. It is likely that evolution will occur in two ways, either through a change in geographical coverage or in terms of specialisation. Over time, it may be that Growth Hubs will naturally join together in their local functional economic areas or indeed new provision might emerge in areas with limited service wish to establish new capacity. What is potentially more important is that Growth Hubs evolve to ensure that they both listen to customer needs and seek to address local need and opportunities for business development. Providing generic support for any and all businesses may be an important baseline, but Growth Hubs will also need to be smart in the provision of specialised services, recognising the different needs of “start-ups” compared to “scale-ups” if they are to robustly deliver increased productivity and growth.

As part of the development of Growth Hubs, there were a number of initiatives aimed at communicating the Growth Hub as the new go-to institution for local business support. As a consequence, Growth Hubs established high recognition levels of the services available. Indeed, through the W2GH Programme, Growth Hubs created and leveraged a local business support brand recognised as trusted and relevant by business. Forthcoming programmes focusing on local business support should recognise the value of these brands and allow Growth Hubs to continue to develop them.

A recent report which examined over 20 countries12 concluded that “local” is the right level to ensure that business support is available, co-ordinated and accessible. It will be for the Growth Hubs, stakeholders and partners to ensure that they become the right ‘local’ vehicle for their areas. The W2GH Programme demonstrated that “local” can deliver in terms of economic growth through job creation and private sector investment.

Growth Hub sustainability

The outcomes of the W2GH Programme also demonstrated that local policy initiatives aimed at job creation and economic development can be successfully developed within limited timeframes. However, this was achieved under specific funding conditions which are unlikely to be repeated. New funding opportunities may require Growth Hubs to adapt to new rules and consequently change their mode of operating, impacting on the service they provide to local businesses. This underlines the question of their long term sustainability. The experience of delivering this programme has led to a reinforced appreciation of the power and benefits of local business support networks.

Continuing the momentum started by this programme, local players should be actively involved in searching for a solution to the important challenge of sustainability. The provision of revenue funding for the Growth Hubs through the Growth Deals process has been secured between 2015-2018. Beyond this it is likely that in the context of further local devolution the Hubs will need to find routes to sustainability such as through the recent announcement of the local retention of business rates and increased linkage with the LEPs and combined authorities. It is important to recognise however that short-term funding with stringent conditions for private-sector match risk the danger that support services will be driven by the needs of the funders rather than the needs of business.

There should not be a presumption that national schemes are always better than locally provided support.

In the context of the LEPs and their Growth Hubs, it will be critical for the co-ordination function to be supported through funding that does not drive competitive behaviours across delivery partners. The co-ordination function similarly must not be driven into a self-sustainability mode too soon, as this may drive small companies away from the service. Bespoke programmes, on the other hand, must also focus on providing a seamless customer journey, assisted by a proficient account manager such as the business navigators highlighted as successful in the W2GH Programme.

There should not be a presumption that national schemes are always better than locally provided support. Simplifying the business support landscape requires a full understanding of the range of business needs and the objectives of that support. For example, support for creative and digital companies is very different from support required for supply chain providers in Advanced Manufacturing and Engineering.

The role of universities as economic agents

The success of the W2GH Programme has demonstrated that an HEI can translate national policy initiatives into local targeted actions that generate jobs and economic development13. The outcomes generated by this programme underline the competence and capability residing in many HEIs14, assets that can be easily accessed and leveraged in future policy programmes.

Lancaster University has played the role of a network enabler and facilitator of interactive learning across the Growth Hubs in the W2GH Programme.

Lancaster University has acted as a neutral intermediary between different interests to achieve a balance of views. The carefully designed formative evaluation processes have resulted in the ability to assess the needs of the Growth Hubs individually and as a collective. This has allowed a series of good practice sharing mechanisms to be provided and allowed the Growth Hubs to share knowledge and experience with each other and from external experts. Lancaster University has played the role of a network enabler and facilitator of interactive learning across the Growth Hubs in the W2GH Programme. The W2GH Programme has given the Growth Hub Network a platform to have a collective ‘voice’.

This network has allowed institutions in all regions to work together to support business across geographic boundaries. There have been several instances of Growth Hubs in the network publicising each other’s activity and working together, thus providing not only a seamless local business support environment but one which can operate in an integrated way across the whole country.

Most notable to date is that the W2GH network, begun as a support to enable the development of the 15 Wave 2 Hubs, has grown into a continuous wider network enabled by BIS for all the 39 Growth Hubs across England.
This report is based on the work carried out between September 2013 and June 2015 by Lancaster University.

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- Black Country Growth Hub
- Dorset Growth Hub
- Coast to Capital Growth Hub
- Coventry and Warwickshire Growth Hub
- Humber LEP Growth Hub
- New Anglia Growth Hub
- Velocity Growth Hub (SEMLEP)
- Oxfordshire Business Support
- Business Growth Hub Thames Valley Berkshire
- Peninsula City Deal Growth Hub
- Solent Growth Hub
- BEST (Business Essex Southend and Thurrock) Growth Hub
- Stoke-on-Trent & Staffordshire Growth Hub
- Swindon and Wiltshire Growth Hub
- Tees Valley Business Compass