

Agenda Item 8



Policy and Scrutiny

Open Report on behalf of Andy Gutherson, Executive Director - Place

Report to:	Environment and Economy Scrutiny Committee
Date:	09 July 2019
Subject:	Update on the Business Lincolnshire Update on the Business Lincolnshire Growth Hub's ScaleUp Provision

Summary:

This report provides an update on the ScaleUp business support activity to date. The BEIS Government Department has requested that Growth Hubs (the business support arm of GLLEP and LCC) provide targetted support to help businesses that display scaleup characteristics achieve further rapid growth.

A 'scaleup' is an enterprise with average annualised growth in employees or turnover greater than 20 per cent over a three-year period, and with more than 10 employees at the start. Analysis of local business data reveals that there is a current client group of 222 businesses in Greater Lincolnshire who meet the criteria.

The Business Lincolnshire Growth Hub has developed a tailored offer to help Greater Lincolnshire's high growth businesses to reach their full potential. Businesses have to demostrate growth, drive and ambition in order to access this programme. A portfolio of ScaleUp business offers is currently being piloted with 59 businesses, which are either existing scaleups or potential scale ups.

The aim is to help drive forward growth of businesses that have the capability, capacity and desire to scale up their business. This will ultimately lead to greater productivity, employment and economic growth for Lincolnshire.

The ScaleUp Programme is currently funded out of the BEIS Government Department Growth Hub funding and in 2019-22 part of it will be integrated in to the new European Regional Development Fund (ERDF) Phase 2 programme offer.

Actions Required:

The members of the Environment and Economy Scrutiny Committee are invited to:

- 1) Consider and comment on the current ScaleUp provision offer and activity to date and whether the County Council should continue to focus resources on providing tailored support to a specific group of businesses, or broaden our

- approach to smaller less ambitious businesses;
- 2) Consider how the County Council can use the growth stories from our ScaleUp partners to actively promote that Lincolnshire has a robust ecosystem in place to support growth, and;
 - 3) Highlight any recommendations for consideration by the Executive Councillor for Economy and Place.

1. Background

The Business Lincolnshire Growth Hub (the business support arm of GLLEP and LCC) is keen to support the development and growth of our high growth businesses. Our funders, the BEIS government department, have asked that we proactively target these businesses and develop a ScaleUp Service to support them to develop at a greater pace due to tailored interventions. This will ultimately lead to greater productivity, employment and economic growth for Lincolnshire.

The Growth Hub has a clear role to play in identifying and targeting those businesses with the potential to scale up with support and inspiring, motivating and encouraging those already scaling up, and linking both with the right services. There is also a need to make sure that scale-up processes are successful and provide sustained impact.

2. ScaleUp Definition

A business can be classified as a ‘Scale-Up Business’ using the definition provided below:

- Minimum of **10 employees** at the start of the engagement.
- Achieved minimum **£500k turnover in last year** (operating for at least 3 years).
- Potential/aspiration to grow turnover and/or profit by a minimum of **20% (per annum)** over a 3 year period

And/or (depending on local economic priorities) Pre ScaleUp businesses that have the potential to grow:

- Minimum of **5 employees** at the start of the engagement
- Achieved minimum **£250k turnover** in last year
- Potential/aspiration to grow turnover and/or profit by a minimum of **50% per annum over a 3 year period**

Why are they important: the number of scaleups in the UK lags behind the US and other leading economies. Boosting the scale up population by just 1% could create 228,000 jobs and add £38bn to GVA¹. Therefore ScaleUp businesses are critically important to economic growth. If we increase the population of ScaleUp businesses we will create a step change in economic performance across Lincolnshire.

¹ Sherry Coutu The Scale-up Report on UK Economic Growth 2014

The 2014 ScaleUp Report suggests that a more robust ecosystem needs to be developed by the government, local authorities and universities.

The focus should be on;

- Targeting, supporting, promoting and reporting on scale-up gap closure
- Accessing talent
- Developing ScaleUp leadership
- Increasing customer sales at home and abroad
- Financing scale-ups
- Accessing infrastructure

The Business Lincolnshire Growth Hub and the LEP has identified the need for enhanced provision of support for existing and future 'high growth' businesses.

3. ScaleUp Provision

During 2018/19 a pilot ScaleUp programme has been led by a dedicated ScaleUp Account Manager, Noreen Read. The Account Manager provides expertise and guidance to local businesses, provides access on to the Hub's fully funded programmes as well as help to develop a strategic business plan for future growth. The Account Manager is able to provide information on the range of support offers businesses can access depending on their stage of growth, business size, and preferred learning style.

The ScaleUp Programme is currently funded out of the BEIS Government Department Growth Hub funding and in 2019-22 part of it will be integrated in to the new European Regional Development Fund (ERDF) Phase 2 programme offer.

3.1. Identifying ScaleUps

Business Lincolnshire Growth Hub has used data from the Scale Up Institute, MINT, HMRC and DueDil data sets to identify potential Scale Up businesses in the region. These have been cross referenced and de-duplicated to form the target lists.

Business referrals area also received via intermediaries (banks, accountants) who are referring their clients into the programmes.

All growth businesses will be targeted but there is a desire to focus on the LEP core sectors – Agri Tech, Manufacturing, and Renewable Energy.

There are 38,240 VAT and PAYE registered businesses in Greater Lincolnshire (Table 1). Of which nearly 4,360 employ over 10 employees. Based on analysis of the businesses which are in a position to scale up, (10+ employees, 20% growth for 3 years) our MINT data reveals that there are around 112 businesses in Greater Lincolnshire which currently show the characteristics of a scale up business and there are 110 businesses who should be classed as potential scale up businesses (5+ employees, 50% growth for 3 years).

Therefore we have a client group of 222 businesses to work with, however should we focus our limited resources and focus on this specific group or broaden our approach to smaller less ambitious businesses?

Business counts by size

2017	Registered Enterprises		Unregistered Enterprises		Total	
Micro (0 to 9)	33,880	88.6%	53,100	99.9%	86,980	95.0%
Small (10 to 49)	3,605	9.4%	250	0.1%	3,855	4.2%
Medium-sized (50 to 249)	625	1.6%	0	0.0%	625	0.7%
Large (250+)	130	0.3%	0	0.0%	130	0.1%

Table 1

Business Counts by Size

Source: UK Business Counts, Enterprises, ONS 2016; Business Register and Employer Survey [Open Access], ONS, 2017

The Growth Hub does provide direct support to all businesses dependant on their growth stage, but many of the programmes are bound by European Regional Development Funds (ERDF) which are constrained by a 12 hours support limit, lengthy administrative paperwork and rigid output requirements. The ScaleUp programme is funded via the BEIS funding which is flexible and can be used to meet market failure gaps in provision.

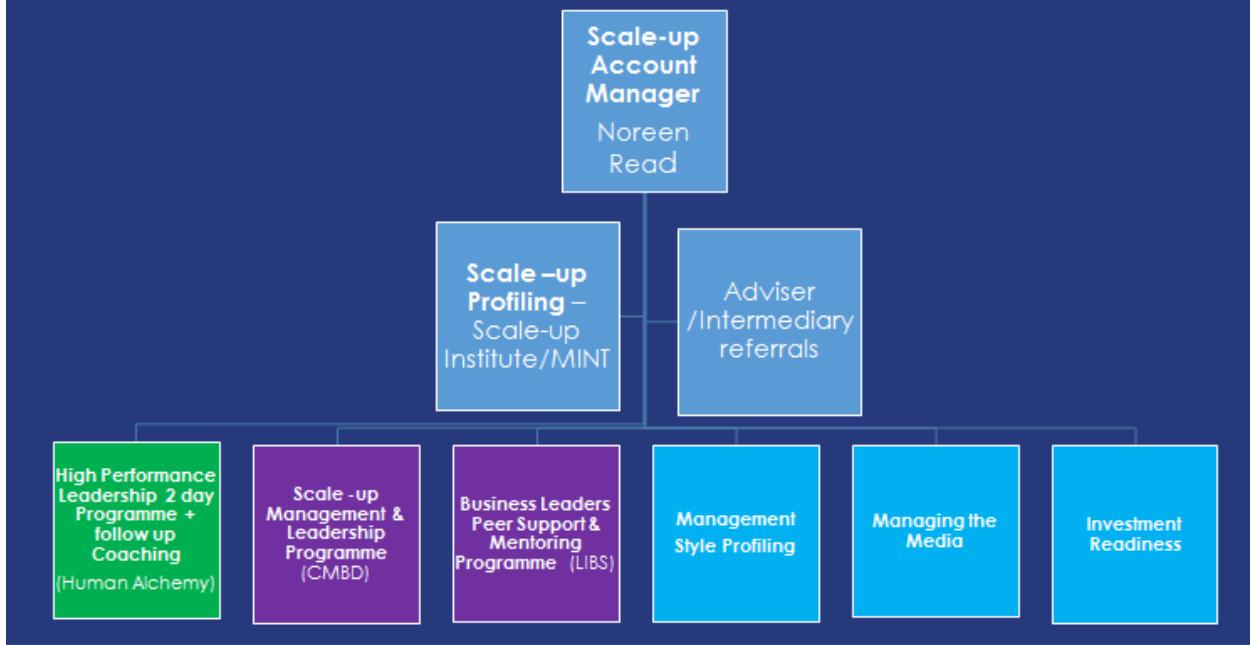
3.2. The Business Lincolnshire ScaleUp Programme offers

We have developed a mix and match range ScaleUp Programmes (as listed below) to support businesses who are either existing Scaleups (a business which is growing at a rate of more than 20% per year, for a continuous period of 3 years) or Future Scaleup's. We recognise that periods of high growth are exciting for a business, but they can come with challenges, such as identifying highly skilled employees to bring into a business, accessing growth finance, utilising the best leadership methods and adapting to new consumer markets. Therefore, the programmes have been designed to meet these needs.

The ScaleUp Programme offers: one to one guidance, leadership and management programmes, peer to peer networks, including coaching and mentoring support as well as pathways to National offers, the support will help rapid-growing businesses cope with the difficulties that increased demand can have in periods of high growth.

The Programme has been designed to facilitate that growth, offering a range of leadership and management programmes led by successful business entrepreneurs, specialist workshops (Finance Readiness, Management Style Profiling, Managing the Media etc) and supported with access to business coaching, exposure to a network of professional experts and mentoring through one-to-one support.

Scale-up Provision



We have 3 pilot programmes running/due to run/or be repeated currently;

- **High Performance Leadership-** (existing Scaleups)- Feb 2019 – 11 businesses attended
- **ScaleUp Management and Leadership Programme (Future Scaleups)** – Oct 2018 - 12 businesses attended, Feb 2019 -12 businesses, April 2019 - 12 business
- **Business Leaders Peer to Peer Support and Mentoring (Future Scaleups)**– Sept 2018 – 12 businesses, February – 12 businesses
- **We have been making referrals in to the Goldman Sachs Programme**- 3 businesses have been accepted to date
- **Managing the media** (open to all Scaleups)– March 2019 - 9 businesses
- **Management Style Profiling** (open to all Scaleups) – 33 businesses
- Pathway into national programmes – referrals to the Goldman Sachs 10,000 Small Businesses (12 businesses referred , 3 accepted on the 2019/20 programme, 3 withdrew, 1 unsuccessful and the rest have been ask to re-apply for the next cohort)

In total 59 businesses have accessed the Scaleup provision during 2018-9. Noreen Read is currently recruiting the new cohorts for 2019/20.

Initial feedback from the programmes delivered to date has been overwhelmingly positive and have given the businesses a clear focus for action.

Baseline data and client feedback has been collected and 6 monthly monitoring is ongoing, however it is too early to provide impact data. We will continue to review the pilot programmes, assess the evaluation and roll out a formal programme.

3.3. Client Case Study

Optima Graphic Design Consultants Ltd, **Optima** offer a full-service **design** agency based in Lincoln, UK with a local, national and international client base eg Pipers Crisps, Branston Potatoes, Uncle Henry's, International Federation of Red Cross etc.

They are classed as an existing Scale Up business and participated on the High Performance Leadership Programme. They are part way through the support and their feedback is outlined below;

"The Extraordinary leadership Course was really great for our team as we plan the next phase of our business in our new office. It gave us space to think and share experiences, plan for the future and really focus our ideas. We networked with other fantastic local business's who are also aiming high.

As a Lincoln business, having access to such high level training and input really helps Optima and gives us more inspiration to aim even higher with everything we do. Thank you."

3.4. Team Lincolnshire Alignment Opportunity

There is an opportunity for us to facilitate aligning of the ScaleUp businesses with the Team Lincolnshire, its ethos, aim and members. The ScaleUp businesses are from all sectors and have a clear ambition to develop and grow, therefore it is an ideal opportunity to link this to the Team Lincolnshire ambassadors programme, whereby we can harness this drive and passion about Lincolnshire as a place to do business. A joint introduction event is currently being planned.

4. Future ScaleUp Provision

Alumni from the Lincolnshire programmes will be invited to join a peer to peer network and link with the other businesses who have accessed the programmes within the ScaleUp portfolio.

5. Next Steps for 2019

We are focusing on the following priorities for action:

- Increase the targeted marketing for new ScaleUp cohorts
- Host a ScaleUp event that showcases the ScaleUp businesses that have been through the pilot phase. This will celebrate the businesses and work of the programme as well as seek to attract new applicants.
- Procure a ScaleUp Alumni Network facilitator/programme
- Join up the ScaleUp Alumni with Team Lincolnshire members
- Develop a communications plan to use the growth stories from the ScaleUp businesses to spread the message that 'Lincolnshire is open for business'
- Evaluate and review existing ScaleUp provision and refine the offer

6. Conclusion

The Growth Hub's next phase is to evaluate the ScaleUp pilot programmes and roll out the service formally and continue to develop new business support services in market failure situations.

7. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

N/A

8. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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