

**Forward Plan reference number:** Not applicable

<b>Report title:</b> LEP Growth Hub Provision Extension	
<b>Report to:</b> Councillor Christopher Whitbread – Chancellor for Essex and Cabinet Member with responsibility for finance	
<b>Report author:</b> Ruth Gilbert - Director Sustainable Growth	
<b>Date:</b> 11 March 2024	<b>For:</b> Decision
<b>Enquiries to:</b> Tristan Smith - Head of Sector Development Business and Innovation	
<b>County Divisions affected:</b> All Essex	

## 1. Everyone's Essex

- 1.1 Everyone's Essex sets out the Council's ambition to support and grow the Essex economy through four strategic aims and 20 commitments. Integration of Local Enterprise Partnerships (LEP) functions into Essex County Council (ECC) will help to deliver against our commitments for the economy, supporting the Council's ambitions for Good Jobs, Infrastructure, Future Growth and Investment, Green growth and Levelling Up the Economy.
- 1.2 The recommended option to drawdown funds to extend the current Business Essex, Southend and Thurrock (BEST) Growth Hub, which ECC are currently managing, supports both the Economic Commitments of Everyone's Essex including good jobs, green and future growth and levelling up and the following ECC Strategic Priorities:
  - Help people in Essex prosper by increasing their skills
  - Enable Essex to attract and grow large firms in high growth industries
  - Target economic development to areas of opportunity.

## 2 Recommendations

- 2.1 Agree to drawdown £54,000 from the Transformation Reserve in the 2024/25 financial year, for the purposes of funding the extension of the current contract for the provision of the Growth Hub Service for 3 months should the proposed Government funding for this purpose be delayed or be insufficient. Any funding drawn down, which is subsequently funded by Government, will be returned to the Transformation Reserve.

## 3 Background and Proposal

- 3.1 The South East Local Enterprise Partnership (SELEP) was constituted in 2010 covering the administrative geography of six Upper Tier Local Authorities (UTLA), Essex County Council, Kent County Council, East Sussex County Council, Southend-on-Sea City Council, Thurrock Council and Medway Council, and twenty-nine District, Borough and City Councils.

- 3.2 In August 2023, Government announced it would not continue to fund Local Economic Partnerships from 2024/25 and that their functions should be integrated into Upper Tier Local Authorities (UTLA). This evolution of policy, as part of the Government's devolution agenda, has led to the SELEP Strategic Board taking the decision, in July 2023, to integrate the LEP functions and resource into the UTLAs by 31 March 2024 in line with Government guidance.
- 3.3 SELEP and the six UTLA are working towards its closure in March 2024 with the responsibility for its core functions being transferred to upper tier local authorities.
- 3.4 As part of the functions of SELEP, the BEST Growth Hub has been providing support and signposting to businesses across Greater Essex. The BEST Growth Hub is part of a national programme of support delivered through LEPs and funded through Government on an annual basis and since April 2023 has been commissioned by Essex County Council on behalf of Essex County Council, Southend City Council and Thurrock Council.
- 3.5 As part of the transition of SELEP Functions, ECC will take on accountability from SELEP for delivery of the Growth Hub service from 1 April 2024. In the 2023 Autumn Statement, Government committed to funding Growth Hubs in 2024/25, "The Government will commit to funding for Growth Hubs in 2024-25, delivering local business advice and support". However, they have not yet confirmed this through an offer letter or outlined how much funding will be received.
- 3.6 ECC entered into a contract with Colbea to deliver the Growth Hub service on its behalf and on behalf of Southend City Council and Thurrock Council. This contract commenced on 8 Augusts 2023 and is due to expire on 31 March 2024. This request for a potential drawdown is to provide the required funding for the Growth Hub for 3 months, in order to extend the current contract with the incumbent provider, until the allocation from Government is provided for 2024/25. This will avoid a break in service and continue to support Businesses via the Growth Hub service.
- 3.7 In the eight months it has been running the service, Colbea have supported over 215 businesses across Greater Essex. With around 70% of these businesses having been trading for 1 year or less, this is vital support to ensure that these businesses have access to all the information they need to thrive and grow.
- 3.8 Colbea also launched the Elevate competition to help start up and scale up businesses digitally elevate their businesses. 31 businesses applied and 10 were chosen to each win a package of support to the value of £1,000, along with promotion across various social media platforms.

- 3.9 Whilst Government has confirmed funding for the Growth Hub programme for 2024/2025, there has been no confirmation of funding for individual Growth Hubs and no indicative allocations have been received from DBT. It is likely this will be received following 1 April 2024 in line with the timescales for previous Growth Hub funding allocations to SELEP. The timing of the notification has an impact on ECC's ability to procure a suitable service provider to carry out the Growth Hub Service functions, which include providing impartial business advice, as the current contract expires on 31 March 2024.
- 3.10 By approving the recommendation, ECC can drawdown the funding to extend the contract with the current Growth Hub Service provider for 3 months. This extension will ensure continuity in the delivery of the Growth Hub service, bridging the gap between the current contract expiry date of 31 March 2024, and the time when ECC is able to conduct a compliant procurement process.
- 3.11 Extending the existing contract will enable a fully compliant procurement process to be implemented for the remainder of 2024/25 once funding confirmation is received from Government.
- 3.12 Drawdown will only occur if Government do not provide funding or provide insufficient funding. This is seen as an unlikely scenario with Government committing to fund Growth Hubs in 2024/25 in the 2023 Autumn statement. The service will not drawdown from the reserve in the event that sufficient funding is received from Government in an appropriate timeframe.
- 3.13 The drawdown funding is required to provide financial assurance to enable an extension of the existing Growth Hub service contract.
- 3.14 Any drawn down funding will be returned to the Transformation Reserve once the Government provide sufficient Growth Hub funding.

## **4 Links to our Strategic Ambitions**

- 4.1 This report links to the following aims in the Essex Vision
- Develop our County sustainably
  - Connect us to each other and the world
  - Share prosperity with everyone
- 4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:
- Support businesses to access specialist advice and guidance to transition to sustainable practices and will support the growth of green businesses.
- 4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy

## **5 Options**

- 5.1 Option 1: (Preferred Option) Agree the recommendation to allow the service to draw down from the Transformation Reserve if the Government do not supply Growth Hub funding in time to prevent a break in delivery. There is a risk that Government will either not fund the Growth Hub for the year 2024/25 as stated they would in the Autumn statement, or that the funding when received is not enough to cover what was borrowed from the draw down and therefore the amount borrowed cannot be replaced in full. However, not funding the Growth Hub will impact on the ability of Essex businesses and residents to source advice to help the growth of their businesses.
- 5.2 Option 2: (Do Nothing) Decline the request for the service to drawdown from the reserve. This means there may be a break in the Growth Hub service, this would present a reputational risk to ECC in respect of our relationships with, business, the business community and Government's perception of our ability to deliver LEP functions from 1 April 2024. It would also reduce the ability for Essex Small and Medium Sized Enterprises to access business support services.

## **6 Issues for consideration**

### **6.1 Financial implications**

- 6.1.1 This request is to drawdown £54,000 of funding from the Transformation Reserve to fund a 3 month extension to the existing Growth Hub provider contract in 2024-25. This will enable sufficient time to run a procurement for a new Growth Hub contract.
- 6.1.2 The Government has committed to fund the provision of the Growth Hub service in the Autumn Statement but have not yet formally confirmed the value or timing of such funding.
- 6.1.3 Without the requested draw down, this uncertainty might lead to a break in service provision when the current contract ends at the end of March 2024.
- 6.1.4 Funding will only be drawn down to the extent that it is needed to meet actual costs incurred and, assuming sufficient Government funding does materialise during the financial year, any funds drawn down will be returned to the Transformation Reserve.
- 6.1.5 There remains a risk that the Government decides either to not fund the Growth Hub service or decides not to fund it sufficiently. In which case, the requested draw down would fund the extension period but would not be returned to the Transformation Reserve.
- 6.1.6 The costs of the procurement will be met from existing service budgets.

## 6.2 Legal implications

6.2.1 The Council's financial regulations state that all drawdowns from reserves must be approved by the Cabinet Member responsible for Finance.

6.2.2 Drawing down of money from reserves does not authorise any expenditure that is a key decision or any significant changes to ECC services or funding which must be authorised by the relevant decision-maker.

## 7 Equality and Diversity Considerations

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## 8 List of Appendices

ECIA570482879

## 9 List of Background papers

No background papers

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor Christopher Whitbread, Chancellor for Essex and Cabinet Member with responsibility for Finance</b>	<b>21.03.24</b>

**In consultation with:**

<b>Role</b>	<b>Date</b>
<b>Tom Walker Executive Director: Economy Investment &amp; Public Health</b>	28/02/24
<b>Executive Director, Corporate Services (S151 Officer)</b> <b>Daniel Tooke, Head of Finance – Major Projects on behalf of Nicole Wood</b>	13/03/2024
<b>Director, Legal and Assurance (Monitoring Officer)</b> <b>Susan Moussa on behalf of Paul Turner</b>	12/03/2024