



Title	The Coast to Capital Escalator Programme
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Date	28 June 2018

Request for Decision/Approval

1. For the panel to consider, discuss and approve the proposed Coast to Capital Escalator Programme to the Service Pillar Committee
2. Approve the allocation of SEEDA legacy funding, totalling £330,000

Introduction

The Coast to Capital Service Pillar Committee held on 6th June 2018 approved delegated authority for this panel to provide an advisory role as part of our ongoing commitment to proper governance of Coast to Capital LEPs budgetary allocation for the SEEDA legacy funding.

Strategically included within the new strategic economic plan (SEP), one of the key priorities to drive economic change within our area is a proactive commitment to supporting business growth in the region. In delivering this economic priority, this programme seeks to fill a current gap in service provision. Growth Hub funding is now solely focused on established and growth businesses, excluding pre-start and start-ups, this has required the development of a new approach to successfully deliver on the SEP and align with BEIS requirements in respect of their funding for the Growth Hub.

Rational for supporting scale ups

Growth businesses punch above their weight. High Growth Small Businesses (HGSB) while representing just 1% of the UK's business stock, were responsible for 34% of total employment growth in 2017, creating a third more jobs than FTSE 100 companies. Growth businesses are a relentless driver of productivity, employment and economic growth on a local, regional and national level. These growth businesses are not a cohesive group they do not attend traditional networking events, they are often invisible among the business community, a challenge to identify, spread across industries and utilitarian in how they decide which events or communities they engage in.

High growth small businesses are those that have seen an average annual turnover or employee growth of 20% over three years with an annual turnover between £1 million - £20 million. The Scale Up Institute estimate HGSB's in the

South East to have turned over £12.9bn in 2017, within the Coast to Capital area there are 226 HGSBs.

High growth businesses are disruptive and innovative, but many suffer the same constraints as they strive to continue their growth; constraints such as retention and recruitment of talent, leadership and leadership teams, access to finance and various other barriers to growth. Coast to Capital's scale-up rate is 28th among all LEPs and SMEs are underrepresented as a proportion of our businesses stock when compared with UK average. This documents outlines exactly how Coast to Capital could take a leadership role in supporting the development of scale up businesses in the region and in direct result support the economic growth of the C2c area.

Considerations

- Do nothing
- Allocate the majority of the Growth Hub funding and team resource to identifying scale ups and engaging with them.
- Allocating legacy funding to construct a dedicated Scale Up Programme

Proposal

The performance of the programme is dependent on three key elements,

- To put on a stakeholder engagement event by October 2018, detailed in the annex. This will include partners including but not limited to local authorities, support agencies, area partnerships, membership organisations, universities and high education providers and private sector support agencies such as banks. This event will be used to raise awareness and to get buy in to the development of a positive scale up ecosystem, providing a broad network of support providers for business growth.
- One centrally held hybrid event for scale ups, details of this and a draft agenda are annexed later in this document. Comprising of a mixture of physical and online attendees of scale up owners, this event will appeal to intrigue and demonstrate the support on offer to support their growth.
- These events will form a pipeline of scale up businesses to the proposed peer to peer escalator programme, to be chosen for a selective cohort where the programme is focused on unlocking business growth. Detailed explanation of the cohort is annexed at the end on this document.

It is well documented how difficult it is to pinpoint scale up businesses, however the Scale Up Institute published a list of all UK scale ups in 2017, this list identifies 226 of them, by name situation in Coast to Capital. In addition to this, the Growth Hub's new focus on growing businesses, recent investment in the specialist database from Beauhurst and relationships with business partners will further support the identification of high grow businesses.

Engagement with scale up businesses is hard, as mentioned, they typically have their heads down driving their businesses growth, rather than attending the

typical and time consuming events that are part of the current business support landscape. Strategic engagement will be used, first through ensuring that we are answering questions that scale ups need answered, offering real value and from learnings gained by the team at a 3 day training event run by The Scale up Institute. Moreover, relationships with business support agencies and membership organisations will be used in promoting the event to specific clientele and finally targeted marketing to ideal attendees.

Proposed Budget

The table below details the headline costs involved in the programme:

Item	Cost
Stakeholder Event	£3,000 to cover venue and refreshment costs.
Hybrid Event	£5,000 to cover venue, speakers, and refurbishment costs Income 30 x £30 = £900 Net cost £4,100
Hybrid technology	£3,000 (estimated)
Peer to Peer mentoring programme	£1,500 per meeting of 10 businesses for organisation, venue, facilitation and refreshments. 4 groups with 6 meetings = 24 meetings = total cost £36,000. Income £200 per participating company x 40 companies = £8,000. Net cost £28,000
Coast to Capital project management	9 months project management from Growth Champion Manager from July 2018 to April 2019 = £11,880 based on 1.5 days per week
Total Cost	£46,980

Core outputs and outcomes

Outputs:

- 2 Events (1 stakeholder and 1 hybrid)
- 4 cohorts of between 8 – 12 business owners signed onto a 6 month programme leading to increased turnover, international trade activity and employment growth.

Outcomes

- Positive scale up ecosystem among stakeholders
- Pipeline of high quality businesses for the Coast to Capital Growth Hub
- Strategic partnerships with private sector

Benefits

This programme would give Coast to Capital the opportunity to take a leading role among LEPs in targeting a tranche of companies that are economically significant to the area but as of yet not engaged. The SEP identifies the priority to develop business support to allow business in the region to flourish, this programme offers an ambitious and deliverable opportunity to achieve this. Supporting scale up businesses in the region, playing a pivotal role in unlocking their growth which will have benefit for to the wider business community is a compelling opportunity to buck the areas current productivity trend.

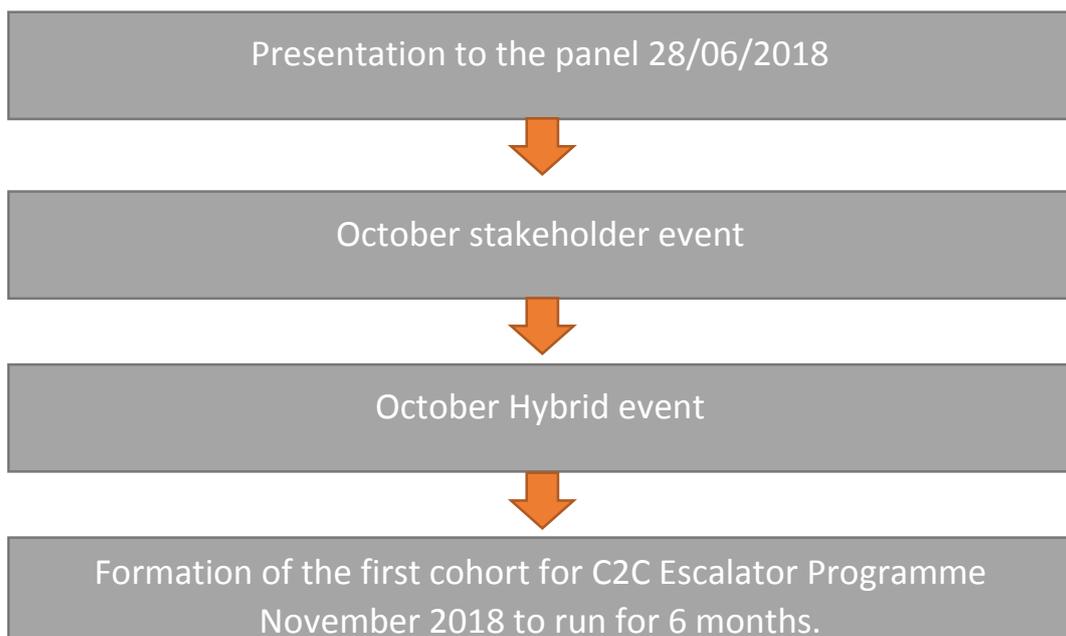
Value for businesses is essential for the success of this event, it will be delivered in various ways, primarily as offering a mechanism to engage businesses with thought leaders in scale up businesses though carefully procured speakers and facilitators at the event. Moreover, value is derived from providing effective methods to overcome identified barriers to growth, giving an opportunity to share best practice among likeminded businesses, encouraging collaboration and crucially, through sharing success stories among businesses.

Stakeholder value is also important to the effectiveness of the event, delivered primary by offering engagement with a highly valued and economically important high growth business community that may have prior to this remained covert. Strategically partnerships will inherently be strengthened through this

Timeline

Increase information:

- **Full programme project plan – Gantt**



Revenue Generating Opportunities

It is not expected that the stakeholder and hybrid event will be profit making ventures, rather the hybrid event will only bring in marginal revenue through charging to attend, likely to be in the region of £30. This however, is considered a way to ensure sure attendance rather than a funding opportunity, as the events are an investment opportunity to engage and form a pipeline for the cohorts.

The greatest revenue generating opportunity is the cohorts, it is expected that 4 cohorts will run simultaneously with a £200 fee per member, 50% match funded from the SEEDA legacy funding. Based on an assumption of 10 members in each of the 4 cohorts, this is a revenue opportunity of £48,000 per 6 month cycle. Later on there is also an opportunity to use European Regional Development Funding (ERDF) to replace the match currently being provided by Coast to Capital.

Additionally, with the value of businesses in the room it can be expected that sponsorship will be a viable opportunity, likely candidates include banks and accountants. This may represent either affiliate opportunities, funding towards venue or even providing senior business leaders to share expertise at the cohorts.

Resource requirement

To effectively deliver the Coast to Capital Escalator programme, it is essential resources are allocated to achieve this. Resources required:

- Coast to Capital LEP staff time
 - o The skills and experience of the LEPs team will be essential to providing value and management to deliver the programme
 - o Executive Committee and Senior Management Team will be important in providing oversight and advisory role in decision making
- Monetary resource:
 - o Staff resource: **£11,880**
 - o Events (including promotion): **£35,100 taking into account financial contributions of participants**
- Managing the escalator
 - o Delivery will be outsourced delivery
- Governance
 - o This will be done through allocating time at the Coast to Capital service Pillar Committee for external scrutiny on project performance. An expert on business engagement is to be invested as a member of the committee.

Risks

The following table identifies some of the identified risks associated with these proposal and identifies control measure in place to address the risks.

Risk	Impact	Control
Failure to engage with key stakeholders – fragmented ecosystem	Fragmented ecosystem, effecting the value of the hybrid event and cohort	Robust rational for the programme, buy-in from stakeholder event and utilising LEP relationships
Failure to deliver on venue	Lack of intrigue to attend the event, questioning the quality and number of attendees	Prior planning and utilising LGF funded interesting sites/projects around the region.
Reputational damage	Diminish worth of the Growth Hub, impact stakeholders, impact business confidence. LEP name	Governance, adhesion to LEP values, experienced team
Quality of companies attending	Value of the programme diminished and scale ups at the event reluctant to join cohort	Invitation invite only, with a monetary cost to ensure attendance,
Lack of timely engagement	Reputational damage, value of service questioned	Growth Hub team will be targeted on follow up engagement and quality to be tracking through case study and talk-marketing.
Makeup of the cohort	Disruptive members, unable to work effectively will diminish the entire service	Keen scrutiny, selection processes
Maintaining participation over the cohort period	Diminishing quality, reputational damage, value	Create a value driven intriguing programme. Fee and sign up obligation
Quality of the facilitator	Poorly run cohort, disinterest, lack of attendance, reputational damage	Competitive Tendering process, governance
Coast to Capital resource requirement, staffing and monetary	Limited budget for other projects, finite resource available within the small team	Clear governance on funding and senior project oversight from senior team member

Ensuring loyalty

To ensure a sustainable, well managed pipeline of applicants for the cohort, the programme will include an alumni scheme. This scheme will promote businesses that have signed up to the scheme referring new businesses onto it.

No monetary referral scheme is proposed, rather it is believed that the value of the programme and the case studies that are delivered by it.

This also raises potential for an alumni programme, a group of committed businesses who have gone through the programme and successfully growth their business as a result. A highly value group of business owners that may find value in having credible growth partners across industries within a carefully curated network.

Annex

1) Stakeholder Event

The creation of a positive stakeholder ecosystem is dependent on engaging and convincing stakeholders to buy into the Coast to Capital Escalator programme; to achieve this we will run an engagement event. The event will serve to inform, involve and initiate.

Stakeholders in attendance will be informed of the programme, which will include an update on the Growth Hub and the SEP, using the SEP as the economic and strategic basis to justify the programme. Additionally, it is proposed that a thought leader from the Scale Up Institute would attend to deliver a piece on the value of Scale Ups and provide a case study to involve the audience.

Involvement at the event will be essential, a period of the event will be designated to share ideas and best practice to harness the expertise in the room.

This event will critically represent a starting point, a point at which the programme is launched to stakeholders and the ecosystem is created.

Stakeholder Event Agenda Draft

- Update on the Coast to Capital area
- Structure and focus on the Growth Hub
- Introduction to scale ups by representative from the Scale Up Institute
- Scale ups in Coast to Capital area

- Why we need a positive scale up ecosystem in Coast to Capital
- Proposal for the Coast to Capital Escalator Programme
- Round table discussion
- Partner engagement and support

2) Hybrid Event

The event is core to the delivery of this programme, they must be different, they must appeal to intrigue, and they must deliver value. Delivered by Coast to Capital, the event will appeal to curiosity, initially done through the venue, events will be held in intriguing locations for example, Rolls Royce, i360, Goodwood, Petworth. Additionally, Events will be strictly invitation only to those highly valuable scale up businesses in the area that will truly find value in such a programme. Further, such an event will demand an experience and engaging facilitator to deliver the value on the day and coerce the typically introverted scale up business into being supported in reaching their growth potential.

Core to this is providing value is putting on a well thought-out programme that businesses will want to take time out to attend the event. The key elements of the hybrid event are as follows:

- Small Live audience supported by a competent facilitator
- Speakers and thought leaders that comprise of various regional, national and global experts
- Online audience
- Integration with the Coast to Capital Growth Hub, the event must be followed by engagement from the team to complete a diagnostic form to evaluate and identify issues such as:
 - o Identify areas of expertise needed
 - o Assessing potential for businesses to join scale up cohort
 - o A pipeline of referrals for the Growth Champion Manager
 - o Enterprise advisers
 - o Growth Champion engagement
 - o International

Value for businesses is essential for the success of this event, it will be deliver in various ways, primarily as offering a mechanism to engage businesses with thought leaders in scale up businesses though carefully procured speakers and facilitators at the event. Moreover, value is derived from providing effective methods to overcome identified barriers to growth, giving an opportunity to share best practice among likeminded businesses, encouraging collaboration and crucially, through sharing success stories among businesses.

Stakeholder value is also important to the effectiveness of the event, delivered primary by offering engagement with a highly valued and economically important high growth business community that may have prior to this remained covert. Additionally, the focus on growth businesses is becoming a priority for our stakeholders across the region, and the emerging *Innovation South*

partners, this programme would allow cross-LEP collaboration to impact the wider South.

Hybrid Event Agenda Draft

- Update of the Coast to Capital Area detailing strategic priorities in the SEP
- Structure and focus on the Growth Hub
- Why your business is important to our area
- Keynotes on two themes :
 - o Business leaders keynote on retaining and recruiting talent
 - o Strategic Priorities to address retaining and recruiting talent
- Round table discussion on issues, solutions, requirements
- Engagement with higher education and universities
- Developing teams
- Future plan
- Networking

3) Scale Up Cohort

Successful delivery of the event offering an opportunity to engage with scale ups will create pipeline of businesses for potential selection for a cohort. The cohort will be an essential part of the Escalator Programme, offering small groups of 10 – 12 business owners to enrol on a 6 month programme focused on unlocking growth for their business.

This educational programme, will consist of a mix of peer to peer exercises and facilitator lead workshops. This tried and tested method has been proven to unlock growth, in Northeast Ohio more than 180 companies entered into rapid growth as a result of the Scalerator NEO programme in 2017.

The Cohort will also contribute to Growth Hub targets as they will provide a pipeline of high value businesses to engage that inherently have support needs to unlock further growth.