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**A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the identity, financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.**

Coventry Shareholder Committee

23 April 2024

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor G Duggins

**Director approving submission of the report:**

Director of Finance and Resources

**Ward(s) affected:**

None

**Title:**

**Coventry and Warwickshire Growth Hub Business Plan (Financial Year 2023/24 to 2025/26)**

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**Is this a key decision?**

**No - although the proposals affect more than two electoral wards, the impact is not expected to be significant.**

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**Executive summary:**

The Coventry and Warwickshire Growth Hub (CWGH) has been established since 2014 and is firmly integrated as part of a successful Coventry and Warwickshire economic area – providing a ‘one stop’ centre for local businesses, with advice and guidance on the most appropriate support for their needs.

The Business Plan outlines the plan for three years of operation (Financial Year 2023/24 to 2025/26), detailing income and operating costs for the 'core' Growth Hub. The Council has agreed to make an annual revenue contribution, which is grant funded, in the amount set out in the private element of this report for the three financial years (2023/24 to 2025/26). There are limited risks with the company balance sheet and CWGH has sufficient resources to meet liabilities as they fall due. The Council is not responsible for meeting liabilities in its role as shareholder as CWGH is a private limited company.

Primary objectives and priorities for the period of the Business Plan remain unchanged with the CWGH focussing on accessing and supporting sub-regional small and medium-sized enterprises (SMEs), plugging them in to relevant and available support partners and their programmes - such as those funded through the UK Shared Prosperity Fund.

### **Recommendations:**

The Coventry Shareholder Committee is recommended to:

- (1) Approve the Coventry and Warwickshire Growth Hub three-year Business Plan attached as an Appendix to the corresponding private report up to the financial year ended 31<sup>st</sup> March 2026

### **List of Appendices included:**

The Coventry and Warwickshire Growth Hub Three-year Business Plan (Financial Year 2023/24 to 2025/26) is attached to the corresponding private report.

### **Background papers:**

None.

### **Other useful documents**

None.

### **Has it or will it be considered by Scrutiny?**

No.

### **Has it or will it be considered by any other Council Committee, Advisory Panel, or other body?**

No.

### **Will this report go to Council?**

No.

## **Report Title: Coventry and Warwickshire Growth Hub Business Plan (Financial Year 2023/24 to 2025/26)**

### **1. Context (or background)**

- 1.1. Coventry and Warwickshire Growth Hub (CWGH) was established in 2014 using City Deal funding provided by Government. It was one of the first Growth Hubs to be established in England, before every Local Enterprise Partnership (LEP) area was subsequently given funding to establish a Growth Hub as a central coordination point for business support to try and simplify businesses' understanding of which business support products were appropriate to their individual needs. CWGH has been nationally recognised as a leading Growth Hub in the UK.
- 1.2. During the closure process of CWLEP in the financial year (FY) 22/23, the LEP Board, including the Local Authorities across the sub-region, determined that the Growth Hub and CW Champions should continue as a legacy of the LEP. The Place geography spans Coventry and Warwickshire Council's areas and welds the two together into one economic area.
- 1.3. As a result, the Shareholders of the Growth Hub are Coventry City Council (CCC) and Warwickshire County Council (WCC). It should be noted that as well as Growth Hub Limited which delivers the core Growth Hub service, the Growth Hub 'Group' includes subsidiaries CW Champions, and Growth Hub Business Solutions (including the Projects team) which both operate unfunded and commercially.
- 1.4. This Business Plan outlines the plan for three years of operation, thus enabling both CCC and WCC to take their share in the Growth Hub and confirm their funding contribution for each of the next three years up to FY 31<sup>st</sup> March 2026. The agreed revised timeline was achieved with the Shareholders in place by Autumn of 2023.

### **2. Options considered and recommended proposal**

- 2.1. **Option 1 – Do nothing.** The Growth Hub is increasingly handling enquiries concerning new economic challenges such as the cost-of-living crisis, energy price rises, volatile materials and component supply costs, recruitment and skills shortages etc.; these challenges for businesses have broadened the range of barriers businesses are looking for support to overcome. This has led to additional demand for sub-regional support programmes; without the Growth Hub and activities within its Business Plan, the proactive reach to businesses offering support would be reduced.
- 2.2. This is not the recommended option.
- 2.3. **Option 2 – Accept the Coventry and Warwickshire Growth Hub Business Plan.**
- 2.4. The CWGH Business Plan which is appended to the private element of this report covers a three-year period from the Financial Year 2023/24 to 2025/26. The most important points of the CWGH Business Plan are summarised in the following sections:

- 2.4.1 The vision statement states that “the Growth Hub is a customer focussed organisation with an integrated business model, including its subsidiaries CW Champions and CW Business Solutions, embedded within the support ecosystem, and supported by both central and local government. We will continue to strive towards being sustainable, scalable, and best in class, ultimately driven and measured by the customer satisfaction of the business community”.
- 2.4.2 CWGH has been nationally recognised as an exemplar Growth Hub in England, with a leading reputation and visibility among local businesses and the private sector generally; it is also the Cluster Lead for the West Midlands Growth Hubs.
- 2.4.3 Primary objectives and priorities for the period of the Business Plan remain unchanged, with the Coventry & Warwickshire Growth Hub focussing on accessing and supporting regional SME’s, plugging them in to relevant and available support partners and their programmes.
- 2.4.2 The Business Plan details the income and operating costs for the ‘core’ Growth Hub, as it is this part of the Group that the Local Authority funding is used to deliver, alongside funding from Department of Business and Trade (DBT). Part of the surplus generated from the other Growth Hub Group business units (CW Champions, Business Solutions / Projects) will be used to mitigate unexpected shortfalls in future funding (e.g. if DBT withdraws funding for Growth Hubs) and increase the capacity of the core Growth Hub.
- 2.4.2 As part of the LEP closure process, the Board determined that the legacy reserves would be transferred to the Growth Hub, to enable longer term planning over a minimum three-year period. Part of the reserves will be ‘ring fenced’ to cover full closure costs of the Group companies. These closure costs will be continually reviewed by the Board of the Growth Hub as part of the Governance arrangements.
- 2.4.3 As the Reserves are significantly more than the maximum closure costs then there is no liability for either Coventry City Council or Warwickshire County Council if any or all of the Growth Hub Group companies would need to close.
- 2.4.4 There has been a continued focus on supporting growth opportunities as well as a renewed focus on achieving stakeholder targets for high volume business support referrals into other schemes now that UK Shared Prosperity Fund (UKSPF) has been launched.
- 2.5. The preferred option is the approval of the Coventry and Warwickshire Growth Hub three-year Business Plan.

### **3. Results of consultation undertaken**

- 3.1. No consultation has been undertaken.

### **4. Timetable for implementing this decision**

- 4.1. Upon acceptance of CWGH's Business Plan the CW Growth Hub Board will be notified immediately.
- 4.2. The activity of CWGH will be monitored regularly by the Local Authorities to make sure that the organisation is adhering to the Grant Aid Agreement.
- 4.3. In addition, representatives from Coventry City Council and Warwickshire County Council's Finance teams will meet with the Growth Hub's Company Secretary and Senior Management team to review the on-going financial performance.

## **5. Comments from the Director of Finance and Resources and the Director of Law and Governance**

### 5.1. Financial Implications

- 5.1.1 CWGH's main assets are cash and trade debtors, and the main liabilities are trade creditors and deferred income which reflects that the primary activity of the company is providing advice to businesses. CWGH does not have any outstanding loans. There are limited risks with the company balance sheet and CWGH has sufficient resources to meet liabilities as they fall due. The Council is not responsible for meeting liabilities in its role as shareholder as CWGH is a private limited company. Further information is contained in the private element of this report.

### 5.2. Legal Implications

The Growth Hub has acted in accordance with the Shareholders Agreement and Articles of Association by submitting the Annual Business Plan 2024/25 and in accordance with the Councils constitution.

## **6. Other implications**

### 6.1. How will this contribute to the One Coventry Plan?

The continuation of Coventry & Warwickshire Growth Hub will play a vital role in delivering the One Coventry Plan's objective of "Increasing the Economic Prosperity of the City and Region". The development of this Plan has been subject to extensive consultation of both Council staff and external stakeholders, with some 485 people completing surveys and 433 individuals attending 23 workshops up to September 2022. This consultation process determined that a key objective needs to be the support of local businesses to innovate, grow and scale up, and create new jobs. The activity of CWGH will enable these objectives to be met by signposting businesses to the most suitable business support initiatives.

### 6.2. How is risk being managed?

6.2.1 A key operational risk during FY 22/23 and FY 23/24 has been that of cashflow, with delays in payment of grants from partners putting pressure on cashflow. Now that the Shareholder Agreement and Grant Aid Agreements are in place, this can be

mitigated by advance planning of claims and payments, working closely with the respective Economic Development teams. In addition, regular financial and operational reports will ensure that the aims and objectives of CWGH will be adhered to.

6.2.2 A Health and Safety Policy is maintained as part of the Staff Handbook. In addition, Professional Indemnity insurance, as well as Public and Employers Liability Insurance, are in place to cover all staff activities.

### **6.3. What is the impact on the organisation?**

To help manage Coventry City Council's (CCC) ownership of Growth Hub, the content of the Business Plan will be reviewed regularly; it is necessary for staff in the Economic Development Service and the Finance team to work together ensuring that that the organisation's financial position and terms of the Grant Aid Agreement are reviewed and adhered to. There is also an ongoing time commitment from CCC's Director of Regeneration and Economy to attend the Growth Hub Board meetings which take place twice a year.

### **6.4. Equalities / EIA?**

No equalities impact assessment has been undertaken.

### **6.5. Implications for (or impact on) climate change and the environment?**

The CWGH will be proactively promoting the Decarbonization Net Zero programme to local businesses, this initiative will help reduce the carbon footprint generated by businesses, which will ultimately have a positive impact on climate change and the environment.

### **6.6. Implications for partner organisations?**

The CWGH is an integral part of the Coventry and Warwickshire business support ecosystem. Working closely with Business Support teams within CCC and WCC; the Growth Hub provides a number of referrals to Partners such as the CW Chamber of Commerce, CW Reinvestment Trust, Federation of Small Businesses, Business Growth West Midlands and local Universities.

**Report author(s):**

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