

Scrutiny Co-ordination Committee
Coventry Shareholder Committee

30th October 2025
4 November 2025

Director approving submission of the report:
Director of Finance and Resources

Ward(s) affected: None

Title:
Coventry and Warwickshire Growth Hub Half-Year Report (Financial Year 2025/26)

Is this a key decision?

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

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 CWGH Business Plan was approved by the Shareholder Committee on 26th March 2025. The CWGH half-year report outlines the performance based on the Business Plan during the Financial Year 2025/26, detailing income and operating costs for the ‘core’ Growth Hub. 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 Scrutiny Co-ordination Committee is requested to:

- (1) Consider the Coventry and Warwickshire Growth Hub half-year performance report, attached as an appendix to this report and forward any comments or recommendations to the Coventry Shareholder Committee.

The Coventry Shareholder Committee is recommended to:

- (1) Consider any comments or recommendations from the Scrutiny Co-ordination Committee.
- (2) Approve the Coventry and Warwickshire Growth Hub half-year performance report, attached to Appendix 1.

List of Appendices included:

The following appendices are attached to the report:

Appendix 1 - The Coventry and Warwickshire Growth Hub half-year performance report (Financial Year 2025-26).

Background papers:

None.

Other useful documents

None.

Has it or will it be considered by Scrutiny?

Yes: Scrutiny Co-ordination Committee – 30th October 2025

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

Yes

Will this report go to Council?

No.

Report title: Coventry and Warwickshire Growth Hub Half-Year Report (Financial Year 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 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. On 26th March 2025 the CWGH Business Plan covering FY 2025/26 was approved by the Shareholder Committee
- 1.5. Based on the content of the CWGH Business Plan, the half-year performance report has identified that the CWGH is ahead of the overall Key Performance Indicators target set within the Grant Agreement, and this trend is expected to continue for the remainder of the FY.

2. Options considered and recommended proposal

- 2.1. **Option 1 – Do nothing.** The Council's governance and reporting requirements for companies in its ownership requires the agreement of a business plan each year, and to provide a 6-month performance report against this business plan. Failure to present this report will mean that the Council is not provided with visibility over the business planning for CWGH. This report has therefore been prepared to meet this requirement.
 - 2.1.1. This is not the recommended option.

- 2.2. **Option 2 – Accept the Coventry and Warwickshire Growth Hub Half-Year Report (Financial Year 2025/26)** The appended CWGH Half-Year Report covers the Financial Year 2025/26.
- 2.2.1. The key points of the CWGH Half-Year Report are summarised in the following sections:
- 2.2.2. Primary objectives and priorities for FY 2025/26 remain unchanged with the Growth Hub focussing on supporting sub-regional SMEs, referring them into relevant and available support partners and their programmes, including UK Shared Prosperity Fund (UKSPF) programmes.
- 2.2.3. The Coventry & Warwickshire Growth Hub continues to perform well against Service Level Agreement targets for FY 2025/26 that have been agreed with Coventry City Council (and also separately with Warwickshire County Council and District and Borough Authorities).
- 2.2.4. Overall, 188 referrals out of a target of 325 have been made (58%), therefore CWGH is well placed to meet the target for referrals by the end of the financial year. Nearly all of the programmes are close to or over 50% of the target; in the second half of the current FY, a targeted marketing campaign will focus on the Business Energy Advice Service (BEAS) Programme to generate additional referrals.
- 2.2.5. The Growth Hub conducts regular quarterly meetings with Finance staff from Coventry City Council and Warwickshire County Council to keep them apprised of the current and projected financial position of the Growth Hub and its subsidiaries. The Q2 meeting will take place on 28th October 2025 to consider the position during the current financial year and the latest budget estimates.
- 2.2.6. CWGH has been working closely with the Economic Development Team at CCC on activities including events; proactive marketing campaigns etc, to ensure flow of client engagements. This will continue throughout the second half of the financial year; priority will be given to those programmes still requiring referrals to achieve target.
- 2.2.7. The preferred option is the approval of the Coventry and Warwickshire Growth Hub Half-Year Report (FY 2025/26).
- 2.3. In addition, the current half-year performance builds on the positive annual performance demonstrated during the Financial Year 2024/25 – a period which had the first full year of UKSPF funded alternatives to the ERDF regime, which presented a clearer focus on programmes available via the UKSPF Business Support provision. The overall CWGH referral target for 2024/25 was 325 and the actual achieved was 525, demonstrating an excellent 162% performance rating – an additional 200 referrals above the target figure for 2024/25.

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 Half-Year Report 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 Director of Finance and Resources and Director of Law and Governance

5.1. Financial Implications

- 5.1.1 The Council is making a revenue contribution of £70k to CWGH this financial year. This payment is funded by grants from Central Government, so there are no additional resourcing requirements for the Council.
- 5.1.2 The draft accounts to March 2025 reported a turnover of £3.3m, gross profit of £0.9m and an overall loss of £0.1m. CWGH have put in place mitigating actions to control administrative costs and produce a balanced budget for 2025/26 without the use of reserves. This has included negotiating a new office lease at significantly reduced cost, ceasing use of some IT systems, paying significantly lower software licensing costs and carrying out more marketing activity inhouse within existing resources.

5.2. Legal Implications

- 5.2.1 The Growth Hub has acted in accordance with the Shareholders Agreement and Articles of Association by submitting the Annual Business Plan 2025/26 and in accordance with the Council's constitution. Governance is followed as Coventry City Council's Director of Regeneration and Economy attends the CWGH Board meetings.

6. Other implications

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

- 6.1.1. 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. Regular operational and finance meetings with CWGH make sure that the risk to the Council is managed appropriately. In addition, closure costs are monitored closely, and sufficient reserves are always maintained to meet potential closure costs – this procedure removes a key risk.
- 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?

- 6.3.1. 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 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?

- 6.4.1. Equalities Impact Assessment is not required for this Report.

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

- 6.5.1. The CWGH will be proactively promoting the Business Energy Advice Service and Business Sustain 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?

- 6.6.1. 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.

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This report is published on the council's website: www.coventry.gov.uk/meetings

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Appendix 1

Coventry & Warwickshire Growth Hub report FY25/26

For Coventry City Council Shareholder Committee meeting 4th November 2025

Prepared by

Phil Peak, Deputy CEO

Adam Norburn, Company Secretary

Contents

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6. Risks & mitigation

Supporting Documents

A - Report to Coventry City Council and Warwickshire County Council Finance Teams for the meeting on 28th October 2025 – Quarter 2 2025/26

B – Detailed financial appendices

1. 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 City Council had agreed to make an annual revenue contribution of £130k to CWGH in each of the three years, subject to sufficient funds being made available through existing / future funding streams such as UK Shared Prosperity Fund (UKSPF). For FY 25/26 this has been reduced to £70k due to budgetary constraints.

There are limited risks with the company balance sheet and CWGH has sufficient resources to meet liabilities as they fall due. The City 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.

After 6 months of FY 25/26 (end of September 2025), CWGH is ahead of plan for the overall Key Performance Indicators target set within the Grant Agreement (Section 3a), and this trend is expected to continue for the remainder of the FY.

Financial performance is broadly on plan against the budget set within the Business Plan. A summary of the Financial Report presented to the Shareholder Finance Meeting on the 28th October is included in Section 3b.

FY 25/26 marks the final year of the 3-year Business Plan 2023-26. It was agreed at the Growth Hub Board meeting in December 2024 that FY 25/26 would also become the first year of a strategic 3-year rolling plan.

Following the Board Strategy Day on 16th April 2025 the Board has been considering what the key priorities and options are for the Growth Hub over the next 12 months and beyond - the outcome of which are to be included in future updates of the Business Plan.

2. Overview of Year To Date

Processes and procedures working with the Shareholders, Coventry City Council and Warwickshire County Council, have been fully in place from the start of FY 24/25.

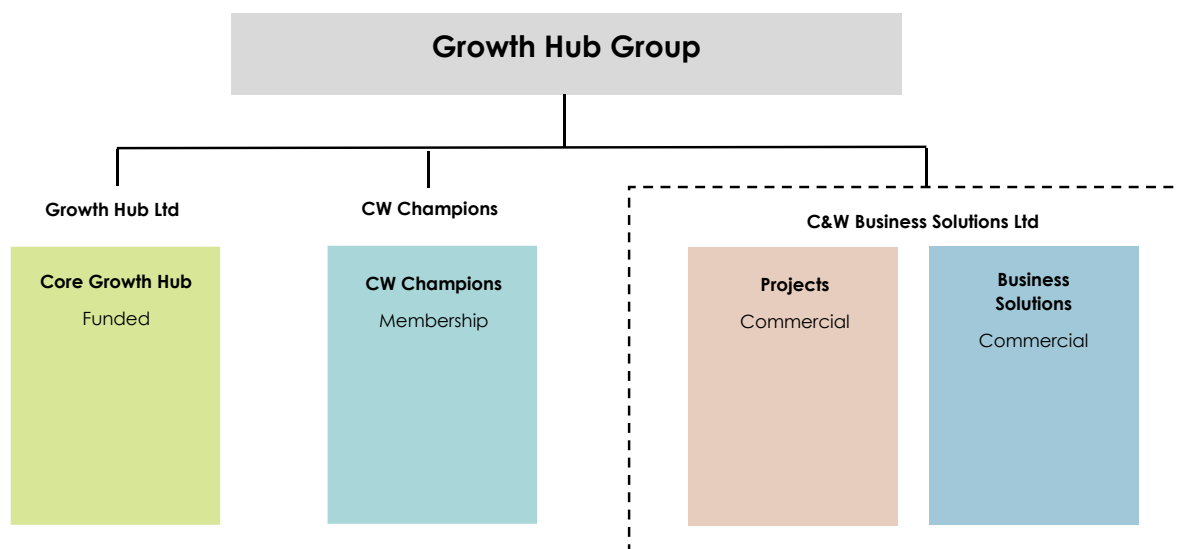
The Coventry & Warwickshire Growth Hub continues to perform well against SLA targets for FY 25/26 agreed with Coventry City Council (and also separately with Warwickshire County Council and District and Borough Authorities), and is ahead of plan to exceed the overall annual targets. Case studies can be viewed on our website at: <https://www.cwgrowthhub.co.uk/case-studies>

Primary objectives and priorities for FY 25/26 remain unchanged with the Growth Hub focussing on supporting sub-regional SMEs, referring them into relevant and available support partners and their programmes, including UKSPF programmes.

The majority of enquiries centre around economic challenges such as the cost-of-living crisis, energy price rises, volatile materials and component supply costs (now compounded by tariff concerns and JLR Supply Chain concerns), employment costs, recruitment and skills shortages along with issues caused by global conflicts such as the wars in Ukraine and the Middle East, which have all broadened the range of barriers businesses are looking for support to overcome. This has led to additional demand for regional support programmes.

The reporting of detailed 'real time' on the ground intelligence continues to be fed back directly to central Government through monthly DBT "headline & trends" submissions and Smart Region reports.

As indicated, CWGH is continuing under a structure with Coventry City Council and Warwickshire County Council, as shareholders of the Growth Hub. At the same time, the Growth Hub has two subsidiaries; C&W Champions (which operated under the CWLEP previously), and C&W Business Solutions which delivers all project and commercial activities operating as the commercial arm – see below.



These operations are fully separate both financially and operationally.

The Growth Hub has in place a three-year Business Plan with the Shareholders, which runs until the end of March 2026, and is currently working to develop a robust and proactive plan for future operations.

3. Operational Performance FY 25/26

- 3 a) Objectives and Key Performance Indicators

A set of targets have been agreed between CCC and CWGH for referrals against each of the CCC delivery programmes. Achieving these targets is the primary objective of CWGH in the Coventry district.

The table below summarises referrals made to the end of September 2025 (6 months). As can be seen overall 188 referrals out of a target of 325 have been made, so around 58% of the overall target has been achieved halfway through the financial year. Only one programme (BEAS – Audits, Energy Efficiency Grants and Associated Support) is significantly below target at this midway point of the year and will be prioritised to get back on track.

	Coventry Referrals			%
	2025-2026 FY	2025-2026 FY YTD	Remaining	YTD
Employer Hub & Skills	60	28	32	47%
Invest in CW/Invest Coventry	30	14	16	47%
BEAS- Audits, Energy Efficiency Grants & Associated Support (ie: Green Business Network)	70	15	55	21%
SME Business Support Team - (Financial & Non-Financial Support eg: Capital Grants & Accelerated/High Growth Support)	80	58	22	73%
CWRT- DUPLEX	10	9	1	90%
Coventry Start Up Support - via CWCoC (1 to many only)	60	53	7	88%
Coventry Social Enterprise Support - via CWCoC	10	9	1	90%
Business Sustain	5	2	3	40%
Total	325	188	137	58%

- 3 b) Financial Performance

The 3-year Business Plan approved on 23rd April 2024 included an assessment of the Growth Hub's estimated financial performance through to the end of the 25/26 FY.

The Growth Hub conducts regular quarterly meetings with Finance staff from Coventry City Council and Warwickshire County Council to keep them apprised of the current and projected financial position of the Growth Hub and its subsidiaries. The last meeting took place on 28th October 2025 to consider the latest budget and forecast estimates for 25/26. The outline of the report submitted to local authority Finance colleagues is attached as Supporting Document A to this report.

The Growth Hub made a surplus of just over £3k to the end of Q2 25/26 and is expected to make a surplus of around £10k for the whole of FY25/26.

C&W Business Solutions was initially expected to more or less breakeven for FY 25/26 and has actually made a deficit of just over £9k to the end of Q2 25/26. However, the company has recently won a significant contract (total annual value just over £3m) as part of a consortium tendering for a Supply Chain Transition contract let by the West Midlands Combined Authority (WMCA). The contract commenced on 1st October 2025, so will only run for 6 months in the current financial year, but is expected to continue for a further 3 years thereafter. Based on projections for the remainder of the financial year, it is now expected that C&W Business Solutions will potentially make a surplus in excess of £100k in FY 25/26.

C&W Champions has made an accounting deficit of almost £17k to the end of Q2 25/26, largely due to the delay in launching a digital Champions online service and the deferment of a significant amount of income into FY26/27. Champions online is expected to launch in the current Q3 and the number of members is beginning to increase considerably in the current financial year. However, much of the income has to be deferred into the following

financial year to reflect the 12 month membership period, i.e. if a member signs up in October 2025, only half of the income relates to FY 25/26 and the other half is deferred into FY 26/27. Over the 2 year period, Champions is expected to generate a small surplus but is likely to show an accounting loss of around £20k in the current FY 25/26.

4. FY 25/26 Business Plan

Financial forecast for FY 25/26

A change of budgeting approach has been adopted for 25/26 onwards and this is reflected in the 25/26 budgets for all 3 companies. Management and office costs have historically been borne by the Growth Hub and recharged to Business Solutions and Champions on an appropriate basis. This has had the effect of inflating both the income and expenditure of the Growth Hub – overstating the true cost of running the Growth Hub operation. From 25/26 onwards, the budgets for each company contain their relevant proportion of management and office costs, so there is no need for recharges. This better reflects the true cost of running each company and their activities.

This approach has reduced the operating budget for the Growth Hub from £923k in FY 24/25 to £624k in FY 25/26.

Relatively conservative figures were used to establish 25/26 budgets. Staffing budgets have been included at 100% with no savings assumed for potential staff turnover, although there has been some turnover in the first half of the financial year. A pay award of 2% was agreed from 1st April 2025. Significant savings have also been found by renegotiating the lease for the office, reducing marketing costs by carrying out more activity in-house and changing suppliers for IT licences and support. Latest figures show that the Growth Hub is expected to make a surplus of around £10k in 25/26 without the need to use any reserves to support operations.

The estimated reserves position at the end of the current financial year is around the £715k mark with potential closure costs of just over £275k for all operations, so these costs are well-covered by reserves.

Activities and Priorities for FY 25/26

CWGH has been working closely with the Economic Development Team at CCC on activities including events, proactive marketing campaigns etc, to ensure flow of client engagements. This will continue throughout the remainder of the FY 25/26 and priority will be given to those programmes still requiring referrals to achieve target.

From a financial perspective, there is continual management of the fiscal position to manage finances as closely as possible to the forecast budget - this is reported via the Quarterly Finance meetings. As stated in Section 3b) above, it is likely that the Growth Hub budget position will be slightly in surplus for 25/26 and the financial position was reported to the Growth Hub Board at its last meeting on 25th September 2025.

The current 3 year Business Plan, which covers the period April 2023 to March 2026, has stated key priorities for the period of the Business Plan and looking ahead for the following financial years:

- Maintain a healthy pipeline of awareness and engagement with Coventry and Warwickshire businesses, referring into support programmes.
As well as supporting and communicating with the current database, the Growth Hub continues to engage with businesses never previously engaged with the business support ecosystem in Coventry & Warwickshire. To date in FY 25/26 there have been 361 new business engagements.
- Ensure agreed KPIs are achieved for the Grant Agreements with CCC and WCC.

The Growth Hub continues to perform well against overall SLA targets for FY 25/26 agreed with CCC and WCC (and also separately with District and Borough Authorities) albeit with some local variations. These are reviewed on a regular basis with the respective Economic Development teams.

- For the Warwickshire area report on referrals at District & Borough level and monitor against targets agreed between WCC and the District & Borough Councils.

Detailed reports at District & Borough level are provided and discussed with WCC on a regular basis - at a minimum quarterly. Where local variations occur, actions are discussed and agreed with the WCC Economic Development team to address.

- Deliver a cohesive Marketing, PR and Communications strategy to focus on engaging businesses not currently engaged with the ecosystem, and promote the range of business support programmes delivered by the stakeholders.

A Marketing Plan has been shared with the Growth Hub Board, with cost expectations broadly in line with the budget agreed. Further discussions are ongoing with the respective marketing teams to 'fine tune' and complement other marketing activities.

- Use robust data to inform programmes and segment the customer journey. Detailed data about the businesses the Growth Hub engagements, as well as the referrals made to address their challenges, are captured on the Growth Hub CRM. This enables regular reporting e.g. via the SmartRegion report, and monthly updates to DBT, on the current issues affecting businesses along their journey.

- Collaborate with stakeholders and partners to amplify and simplify access to opportunities across Coventry and Warwickshire.

The core 'DNA' of the Growth Hub has always been to collaborate with stakeholders and partners, and this is continuing to be built upon. The work of CW Champions and Business Solutions complements and adds to these relationships, to amplify access to opportunity.

- To ensure our businesses are equipped with the right skills for the future in partnership with the WCC Skills Hub and CCC Employer Hub.

Regular meetings occur with both the WCC Skills Hub and CCC Employer Hub to review the skills challenges facing businesses, and ensuring the right support is leveraged from the Skills Hub and Employer Hub.

- Work closely with our Universities and Catapults to amplify their offer to the business community.

The Growth Hub Account Management team meet regularly with the teams from both Coventry and Warwick Universities, as well as the Catapult teams at WMG and MTC, to be cognisant of the latest offers, and identify suitable clients. These relationships have been utilised extensively through the Made Smarter West Midlands project.

- Manage finances to operate within budgetary constraints

Quarterly finance meetings take place with CCC & WCC finance teams to monitor financial performance versus the planned budget. Detailed financial reports and forecasts are provided for the Growth Hub, as well as C&W Business Solutions and C&W Champions.

- The Midlands has four out of the bottom five areas for scaling companies, with Coventry and Warwickshire currently second from bottom. We will recognise the

specific needs of scaling companies through our work with the Scale up Institute and target the scaling pipeline to increase our growth density.

Whilst we are limited on resources to work solely on scaling companies, we have been contracted by one of the District Authorities to identify Scaleups and potential Scaleups, and review their needs over and above the wider support available. The challenge has been reinforced by the latest SUI report, with both the West Midlands CA (including Coventry) and Warwickshire areas towards the bottom of the table of new scaleups per business capita.

- Complete the transitions in operation by the start of FY 24/25, from the closure of CWLEP at the start of FY 23/24. In particular transfer staff who are not working on core Growth Hub activities, from the Growth Hub into C&W Business Solutions. This will ensure complete clarity and transparency on the separation of public sector funding for the Growth Hub, and project and commercial activities delivered through C&W Business Solutions.

This was completed by 1st April 2024, with all staff now employed in the appropriate business. Quarterly finance meetings take place with CCC & WCC finance teams to monitor financial performance versus the planned budget. Detailed financial reports and forecasts are provided for the Growth Hub, as well as Business Solutions and CW Champions. The most recent meeting was on 28th October 2025.

5. Business Planning for FY 26/27 and beyond

FY 25/26 marks the final year of the 3-year Business Plan 2023-26. It was agreed at the last Board meeting in December 2024 that FY 25/26 would also become the first year of a strategic 3-year rolling plan. The plan currently contains 12 priorities (see above), which by their very number cannot all be key priorities. The Board held a Strategy Day on 16th April 2025 and an important output of that day was to identify what the key priorities for the Growth Hub should be over the next 12 months and beyond to be included in future updates of the Business Plan. This will enable the Board to receive reports and track progress on a reduced priority list. There will undoubtedly be activities that will be important all the time and will need to be included every year, but there will also be other priorities, which may relate to time-limited opportunities, which will need to be allocated to specific financial years.

Since the Strategy Day, it has become clear that the WMCA review of Business Support, and the formation of an 'EDV (Economic Development Vehicle)' will affect both business support generally across the Coventry sub-region, and also the role of the Growth Hub within that.

Budgets for FY 26/27 and beyond have not been prepared at this stage as it would seem more appropriate to wait for the outcomes of these live discussions, which will help shape our future direction. The output from the Strategy Day and the EDV discussions will enable us to prepare budgets for future years in accordance with the direction and priorities chosen. There should also be much greater clarity by then about ongoing and potential future project work for C&W Business Solutions, which will have a significant impact on overall finances. The plan would then be to bring draft budgets for FY 26/27 and beyond for all three companies to the next Growth Hub Board meeting in December 2025.

6. Risks & mitigation

A key operational risk during recent years, continuing into FY 25/26, has been that of cashflow, with delays in payment of grants from the Department for Business and Trade (DBT) and partners putting pressure on cashflow. Now that the Shareholder Agreement and Grant Aid Agreements are in place, this has been mostly 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 the Growth Hub are being adhered to.

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.

As part of the CWLEP closure process, the Board determined that the legacy reserves, currently in excess of £700k, would be transferred to the Growth Hub, to enable longer term planning over a minimum three-year period. Part of the reserves are 'ring fenced' to cover full exit/closure costs of the Group companies. These closure costs are continually reviewed by the Board of the Growth Hub as part of the governance arrangements.

As the reserves are significantly more than the maximum closure costs (currently sized at around £275k), 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.

Coventry & Warwickshire Growth Hub report FY25/26

For Coventry City Council Shareholder Committee meeting 4th November 2025

Supporting Document A

Report to Coventry City Council and Warwickshire County Council Finance Teams – Quarter 2 2025/26 for the meeting on 28th October 2025

This report provides financial information for the Growth Hub and its subsidiaries to the end of the second quarter of the 2025/26 financial year.

Income and Expenditure Summary – the 3-year income and expenditure summary for the Growth Hub and 2024/25 and 2025/26 summaries for Business Solutions and Champions, including a breakdown of non-pay costs. A change of budgeting approach has been adopted for 2025/26 onwards. Management and office costs have historically been borne by the Growth Hub and recharged to Business Solutions and Champions on an appropriate basis. This has had the effect of inflating both the income and expenditure of the Growth Hub – overstating the true cost of running the Growth Hub operation. From 2025/26 onwards, the budgets for each company contain their relevant proportion of management and office costs, so there is no need for recharges. This will better reflect the true cost of running each company and their activities. In addition, five posts have been removed from the staff establishment across the Group – 3 retirements, 1 redundancy and 2 leavers with only one of the posts being replaced in a conscious effort to reduce costs significantly across the Group.

Growth Hub

The Growth Hub made a surplus of just over £3k to the end of the second quarter.

Fairly conservative figures have been used for 2025/26 budgets. Staffing budgets have been included at 100% with no savings at all assumed for potential staff turnover, which there has already been in the first two quarters. Latest figures for 2025/26 show that the Growth Hub is expected to make a surplus of around £10k in 2025/26 without the need to use any reserves.

Business Solutions

Business Solutions made a deficit of just over £9k to the end of the second quarter having been expected to more or less break even in the current financial year. However, the company has recently won a c.£3m Supply Chain Transition contract from the West Midlands Combined Authority for 2025/26 (with the potential for a further 3 years). Based on the agreed start date of 1st October 2025 and profiling of income and expenditure over the second half of the financial year, this should ensure that Business Solutions now makes a potential surplus in excess of £100k in 2025/26.

Champions

Champions made a deficit of almost £17k to the end of Q2 25/26, largely due to the delay in launching the digital Champions online service and the deferment of a significant amount of

income into FY26/27. Champions online is expected to launch in the current Q3 and the number of members is beginning to increase considerably in the current financial year. However, much of the income has to be deferred into the following financial year to reflect the 12 month membership period, i.e. if a member signs up in October 2025, only half of the income relates to FY 25/26 and the other half is deferred into FY 26/27. Over the 2 year period, Champions is expected to generate a small surplus but is likely to show an accounting loss of around £20k in the current FY 25/26.

Income analysis – analysis of the Growth Hub's predicted income over the current 2023-26 3-year Business Plan period – categorised between secured and unsecured income. Excluding the use of reserves, income of £693,024 was achieved in the 2023/24 financial year, £811,747 for 2024/25 and £589,200 is secured for the 2025/26 financial year. Unsecured income is currently £35,000 for 2025/26. This relates to the funding from one of the district and borough councils which has not yet been received for 2025/26.

Exit/closure costs – an update of the potential exit/closure costs as at 31st March 2026 shows a potential estimated liability of £275,171 as at 31st March 2026 reducing to £250,844 as at 31st March 2027. This assumes that all currently employed staff remain in post on their existing terms and conditions (plus an estimated 2% pay award). The reason for the reduction is the removal of a year's liability of the minimum 3-year office lease recently entered into by the Growth Hub (which was backdated to 8th December 2024).

Outturn – the current forecast outturn for the Growth Hub for the financial year to the end of March 2026 shows a predicted year end surplus of around £10k in 2025/26 without the need to use any reserves to support operations.

Reserves position – the anticipated reserves position for the financial year to the end of March 2026 shows around £715k in reserves at year end.