

Briefing Note

Title: Business Growth: Future Operating Model

Date: 7 February 2024

Prepared by: Laura Collings

Job Title: Head of Strategy

Scrutiny Panel: Economy and Growth

Recommendation(s) for action or decision

The Economy and Growth Scrutiny Panel is recommended to:

1. Feedback on the functions and objectives of the proposed target operating model for the Business Growth offer.

Purpose

The purpose of this report is to provide an overview of the scope, functions and objectives of the future target operating model for business support, and to set out how this will deliver the priorities outlined in the Business Growth Transformation programme.

Background

The landscape for business support across the city and region has changed significantly since the Government announcement of the closure of Local Enterprise Partnerships, and European funding was replaced by the UK Shared Prosperity Fund. Given this new context, the Council has explored what a future business support offer for the city looks like.

To support the development of a new operating model a comprehensive review of the current business support landscape across the city and wider region has been undertaken by the Council's Policy and Strategy team. This exercise included mapping business support providers, programmes, and initiatives to understand the quality and quantity of support available. What it showed is that there are over 100 active business support programmes available to city businesses ranging from grant funding, knowledge transfer partnerships, growth advice and much more.

As well as the review of the business support landscape an in-depth analysis of the city's business base has been undertaken. This included analysis of sector strengths and growth opportunities, identifying new economic clusters, as well as considering challenges or emerging threats to economic stability (see Appendix 1 Business Growth Strategic Priorities document for an overview).

Through our analysis we have developed an evidence-based proposition for a new business support offer in the city. This report details the scope, functions and objectives of that offer.

Drivers for Change

There are four key challenges that the new operating model will seek to address:

- Historically, there has been a fragmented business support landscape which has led to lack of clarity and consistency across the region as to where to go for independent business support (this is a national challenge not unique to the West Midlands.).
- There are a large number of business support initiatives and services available that businesses often find difficult to navigate.
- There is a need to ensure that publicly funded business support responds to local need, market failure and does not crowd out private sector providers.
- The need to ensure that publicly funded support for business is aligned with long term strategic objectives of the city and delivers maximum economic impact.

Future Target Operating Model

The future business support offer will not primarily be a direct supplier of services to businesses. Instead, it will have a crucial interface role operating in the space between public and private suppliers, businesses, and other strategic partners. The service will have four objectives:

- Simplify routes to support: Through a new single front door the service will provide information to businesses on a range of support options in one easy to access location. This will be delivered on-line through a new Business Growth website and face to face through IGNITE.
- Drive uptake of support: Promote business support in all parts of the city, working with providers and partners to undertake joint campaigns which make use of existing events, channels and networks.
- Help businesses to understand their support needs: The service will offer 121 growth advice and review services to help businesses explore their challenges and opportunities to identify the best package of support to help them grow.
- Oversee, co-ordinate and support delivery of public investment in business support: The service will work closely with Business Growth West Midlands at the West Midlands Combined Authority and will have a key role in shaping and in some cases delivering publicly funded business support.

The future objectives of the service are not exhaustive of everything we do to support businesses and the city's economic development. We will continue to deliver strong core services including environmental health, planning support, trading standards and many more. Market the city and promote all that we have to offer to maximise our investment potential and offer support for businesses where they want to relocate or expand.

Services on Offer

Local businesses in Wolverhampton will be able to access a range of support through the following services:

- Information and Advice on the range of business support services, including workshops to raise awareness of opportunities, through our Business Growth website to act as a one stop shop for support and via IGNITE. Or this could include signposting to support from other Council services such as environmental health, planning or city investment.
- Diagnostic support to understand immediate and longer-term support needs through a review of business aspirations, market opportunities and operational challenges creating a growth plan for that business.
- Business grants will be available in some cases where public funding has been devolved to the Council e.g. SME and Net Zero Grants via UK Shared Prosperity Fund.
- Brokerage support and guidance to agree a package of help from a business support service, including help to secure subsidised support where available and eligible.

The introduction of future additional services or programmes will be determined by local need and where there is demonstrable market failure.

Scope and Strategic Priorities of the Service

Primarily, the diagnostic support and brokerage will focus on the six overarching strategic priorities outlined in the Business Growth strategic framework. This will ensure that we have a golden thread running between our strategic priorities and operational delivery of service on the ground. Including:

- **Business Support and Finance:** Support for businesses to develop basic business skills and access finance and funding for growth.
- **Leadership and Management:** Managers particularly within SMEs have had no formal leadership and management training but research shows that formal training in this area is critical to business growth and raising productivity.
- **Workforce Development:** Support to understand and address skills and recruitment needs, ensuring high quality workforce, training and recruitment solutions which meet the specific needs of employers. Making strong links with our skills services and other education, skills and training providers.
- **Technology and Innovation:** Adoption of new technology ranging from basic digital skills through to use of AI and green tech.
- **Net Zero:** Support for businesses to make a transition to a low carbon economy, energy efficiency, sustainability, adaption and resilience.
- **Accessing New Markets:** Support to identify new market opportunities, access new supply chains and export goods.

Alongside our six strategic priorities we will continue to embed key organisational priorities. For example, a key element of the 'Business Support and Finance' priority will be the Wolverhampton Pound and building knowledge and skills for businesses to access public sector procurement opportunities.

Who will the new service support?

The service will be open to all businesses across the full lifecycle. However, the city is predominantly made up of micro, small and medium enterprise so will likely see support targetted towards SMEs. Levels of support will be determined by need and impact. This will include:

- **Pre-Start and Start-Ups:** Continue to build on our package of support for start ups in city to boost business start up rates and provide wrap around support in the early stages of a new enterprise.
- **Established Businesses:** Work with those businesses who may be further on in their development who want to support or improve their sustainability, and lay the foundations for future growth.
- **Businesses with High Growth Potential:** Drive uptake of advice and support for businesses with the potential to generate high growth for city in both employee numbers and turnover.

Partnership Working

Our future model is based on the need for ongoing strong partnership working with Business Growth West Midlands and other business support providers and partners. This support will include:

- **Collaboration:** Identify opportunities where appropriate and beneficial to local businesses to work in partnership to deliver support together.
- **Local Intelligence:** Use our strategic role in the city to collect and collate data and insights into local need, tracking trends in business support and highlighting gaps in provision to help providers effectively shape their offer.
- **Advice:** Provide feedback on initiatives, programmes and interventions to help shape provision and future commissioning of services.

Financial Implications

The IGNITE offer has to date been funded by UK SPF and reserves funding. There is currently no ongoing budget provision for the service. The staffing for Business Support has also been funded by a mix of external grant monies and some general fund budget. The structure is currently under review in consideration of existing budget provision. There remains uncertainty on any external funding beyond the 2024-2025 financial year.