Agenda Item 5.2

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GFirst Local Enterprise Partnership

Board Paper – 14th February 2017

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1.   **Agenda Item** 5.2

2.   **What is this item for**:

To provide the Board with an update with regards to the procurement of the Growth Hub Network centres.

3. Background

At the December Board meeting the Board approved funding for £135,000 of additional digital infrastructure costs and the £1,250,000 investment at the Royal Agricultural University. The Board were also asked to consider investments in a Growth Hub App and a Cheltenham Growth Hub. In relation to these proposals the Board requested: -

    a) A full business case so that the KPIs resulting from the investment in an App could be assessed.
    b) A full review of expenditure for the project to date, which considered geographical coverage and specialist support for priority sectors.

a) Growth Hub App

The business case for the Growth Hub App is in development and will be available at the end of March. The IT project manager will work with Board Members ahead of the April Board meeting to review the business case and provide a value for money assessment.

b) Growth Hub Network Investment

The funding committed to date (including the Expansion at Oxstalls) will provide the following coverage by Tier and geography.

- University of Gloucestershire – is currently offering a Tier 1 centre delivering high growth business support across the county and also providing Tier 2 access for Gloucester and the surrounding areas.
- Gloucestershire Libraries - will provide 31 Tier 3 sites across the county. The first library sites will open June 2017 with the roll out completed by end of March 2018.
- Tewkesbury Borough Council will open a Tier 2 site at the council offices opening in Qrt 2 18/19.
- RAU will open a Tier 1 centre delivering specialist support for the rural and Agritech sectors across the county and providing a Tier 2 facility for the Cotswold district. The Hub will open Qrt 2 18/19.

Business population by district

- Cotswolds – 5,570
- Stroud – 5,405
- Cheltenham – 4,670
- Tewkesbury – 3,655
- Forest of Dean – 3,495
- Gloucester – 3,310

Business population by sector

The Table below profiles economic output and employment by industrial sector. It shows that:
In terms of GVA, Manufacturing is the largest sector in the area, contributing 19.7% of total output and 11.7% of employment.
In terms of employment, Health is the largest sector, contributing 12.3% of employment but just 7.7% of output.

Other major sectors include: Public administration and defence (9.5% of output and 5.9% of employment), Education (7.0% of output and 8.3% of employment), Construction (7.9% of output and 7% of employment) and Retail (6.4% of output and 9.1% of employment).

Sectoral contributions to local GVA & employment, 2013, source LEFM

	GVA		Employment	
	GVA £m's	%	000s	%
1 : Agriculture, forestry & fishing	116	1.0%	7.9	2.6%
4 : Mining, quarrying & utilities	258	2.3%	3.5	1.1%
3 : Manufacturing	2,223	19.7%	36.0	11.7%
4 : Construction	893	7.9%	21.7	7.0%
5 : Motor trades	224	2.0%	6.1	2.0%
6 : Wholesale	299	2.7%	11.1	3.6%
7 : Retail	717	6.4%	28.2	9.1%
8 : Transport & storage	390	3.5%	9.6	3.1%
9 : Accommodation & food services	283	2.5%	16.9	5.5%
11 : Information & communication	617	5.5%	9.4	3.1%
11 : Financial & insurance	726	6.4%	9.9	3.2%
12 : Property	364	3.2%	3.4	1.1%
13 : Professional, scientific & technical	624	5.5%	21.9	7.1%
14 : Business administration & support services	477	4.2%	23.1	7.5%
15 : Public administration & defence	1,069	9.5%	18.2	5.9%
16 : Education	792	7.0%	25.7	8.3%
17 : Health	865	7.7%	37.8	12.3%
18 : Arts, ent & recreation	346	3.1%	18.1	5.9%
Total	**11,284**	**100.0%**	**308.5**	**100.0%**

Projected employment change by sector, Gloucestershire LEP

The construction, finance & insurance, business administration, accommodation & food and health & care sectors are forecast to show most employment growth, with average annual growth of about 2%. By 2025 health & care is predicted to replace manufacturing with highest proportion of employment (growth of 30%). Whilst employment in manufacturing is predicted to decline, GVA will rise and it is still forecast to account for the highest proportion of total GVA.

Knowledge intensive service activities (represented across a number of sectors) are predicted to grow in employment and productivity terms accounting for 44% of employment and 38% of GVA by 2025. Highest productivity growth is forecast for the information & communications, finance & insurance, and professional, scientific & technical sectors.

Employment change by Sector, Gloucestershire LEP vs England, 2003 – 2013, source LEFM

	2012	2025	Change Vol	Change %
1 : Agriculture, forestry & fishing	7,900	8,000	100	1%
4 : Mining, quarrying & utilities	3,600	2,700	- 900	-25%
3 : Manufacturing	35,800	35,600	- 200	-1%
4 : Construction	21,600	27,300	5,700	26%
5 : Motor trades	6,100	6,400	300	5%
6 : Wholesale	11,400	11,300	- 100	-1%
7 : Retail	27,900	30,500	2,600	9%
8 : Transport & storage	9,700	10,500	800	8%
9 : Accommodation & food services	16,700	21,200	4,500	27%
11 : Information & communication	9,100	10,800	1,700	19%
11 : Financial & insurance	10,100	12,600	2,500	25%
12 : Property	3,300	4,500	1,200	36%
13 : Professional, scientific & technical	21,600	23,400	1,800	8%
14 : Business administration & support services	22,400	28,900	6,500	29%
15 : Public administration & defence	18,300	19,300	1,000	5%
16 : Education	27,900	19,500	- 8,400	-30%
17 : Health	36,400	48,800	12,400	34%
18 : Arts, entertainment & recreation	17,900	20,500	2,600	15%
	307,700	341,800	34,100	11%

4. Growth Hub Network Future investment

When considering further investment it is worth revisiting some of the key findings from the Hardisty Jones, Growth Hub Resource Centre Scoping Report:

- Resource Centres could focus on a particular sector or market segment, but there is a greater demand for general Centres serving a wide range of businesses and countywide coverage should be an aspiration.
- Whilst part-time or peripatetic provision has been considered, businesses and other stakeholders consulted for this research have stated that they would prefer permanent Resource Centres.
- The Growth Hub has three priority sectors/activities. These are:
  - Knowledge intensive services (e.g. financial, professional and business services)
  - Knowledge intensive manufacturing (e.g. aerospace and advanced manufacturing)
  - Businesses with strong export potential (of both goods and services)
- Rural businesses would like Growth Hub provision throughout the county and want advisors who understand the particular challenges their businesses face.
- Manufacturing business would like support to come to them, whereas service sector businesses are more willing to travel to other locations. Stroud District has the highest population of Engineering and Manufacturing businesses.
- Larger and high-growth potential businesses often pro-actively seek out business support, and are prepared to travel further afield for high quality and specialist support
- A number of consultees are keen that Resource Centres should support businesses in the tourism and retail sectors. Due to the nature and size of these businesses, they often find it difficult to engage with business support.
- Resource Centres should help to build partnerships beyond Gloucestershire where these bring benefits to Gloucestershire businesses. Where applicable, the Resource Centres will provide either locations or facilitation for this, and promote inward investment and export.
- Having examined the business support landscape in Gloucestershire, there appears to be a gap in the provision of innovation specific services for businesses e.g. R&D support, patent or Intellectual Property advice, test facilities/laboratories etc…. This gap could potentially be plugged through Resource Centres offering R&D/innovation services linked to specialist provision outside of the county, such as that offered by Innovate UK and the Catapult centres.

In terms of priority sectors it is also worth considering existing and committed Strategic Economic Plan investments –

- STEM facilities FE colleges
- GREEN
- Cyber
- Rural and Agri tech Innovation Centre
- Advanced renewable Energy
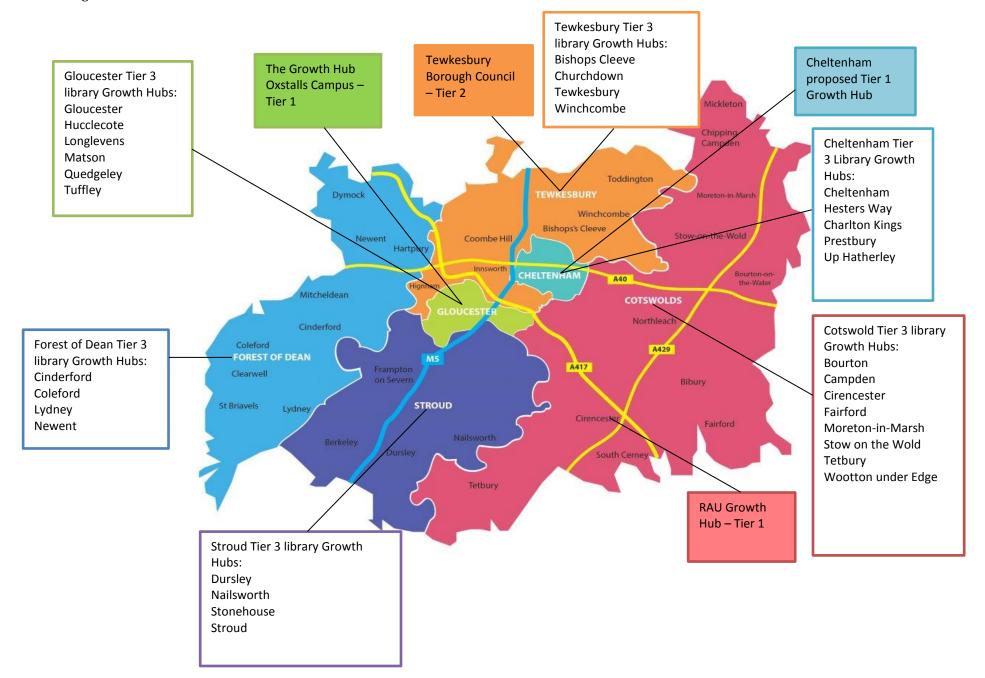
5. Decisions required

The Board is asked to:

- Approve the Cheltenham Growth Hub which is time critical. The proposal provides geographical coverage for Cheltenham District, the third largest business population in the county, and enables the investment of the retail laboratory funding.
- Provide guidance to the project manager with regards future investments by geographical and sectoral preferences.

6. **Further information:**

For further information points raised in this Board paper, please contact Sarah Danson
sarah.danson@gfirstlep.com

Gloucester Tier 3 library Growth Hubs:
Gloucester
Hucclecote
Longlevens
Matson
Quedgeley
Tuffley

The Growth Hub Oxstalls Campus – Tier 1

Tewkesbury Borough Council – Tier 2

Tewkesbury Tier 3 library Growth Hubs:
Bishops Cleeve
Churchdown
Tewkesbury
Winchcombe

Cheltenham proposed Tier 1 Growth Hub

Cheltenham Tier 3 Library Growth Hubs:
Cheltenham
Hesters Way
Charlton Kings
Prestbury
Up Hatherley

Forest of Dean Tier 3 library Growth Hubs:
Cinderford
Coleford
Lydney
Newent

Cotswold Tier 3 library Growth Hubs:
Bourton
Campden
Cirencester
Fairford
Moreton-in-Marsh
Stow on the Wold
Tetbury
Wootton under Edge

RAU Growth Hub – Tier 1

Stroud Tier 3 library Growth Hubs:
Dursley
Nailsworth
Stonehouse
Stroud