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Wave2 Growth Hub Programme:  
Designing and delivering small business  
support to create regional economic  
growth across England

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# Executive Summary

The Wave 2 Growth Hub (W2GH) Programme, led by Lancaster University Management School, was designed to create fifteen new 'Growth Hubs' around England to improve support for small- and medium-sized businesses (SMEs) and drive local economic growth. The programme made a significant impact on the shape of business support across England and has left a legacy not only of effective support but of a learning environment for policy and practice. SMEs in the UK account for 99.3% of all private sector companies, 60% of all private sector employment and are therefore vital for economic success. The £32m W2GH Programme was funded through the Regional Growth Fund and developed in collaboration with UK policy makers in the Department for Business Innovation and Skills, the Cabinet Office, British Chambers of Commerce, BIS Local and the Department of Communities and Local Government. The implementation of the programme involved 42 universities, 19 Chambers of Commerce and 17 Local Enterprise Partnerships as well as a wider network of public and private partners developing and delivering a range of business support from face-to-face advice through to investment and grant schemes.

In addition to a highly effective programme delivery, Lancaster University Management School (LUMS) was the designer and enabler of interactive learning between programme stakeholders. Due to the large scale of the programme and the geographical dispersal of the Hubs, it was vital to create and strengthen the network and facilitate interactive learning to allow the Hubs to exchange knowledge and continuously improve in dialogue with policy makers.

LUMS acted as a neutral intermediary to broker issues and achieve a balance of views amongst stakeholders. In doing so, it gave the network a platform to have a collective 'voice' for policy making and regional growth that fed back to government.

By March 2017, the programme had created 4,108 new jobs, exceeding the initial target of 2,500 by 164%. A further 1,442 jobs were safeguarded. The programme attracted over £75m of private sector investment from SMEs, outstripping the initial target of £47m. It was estimated that 67,000 SMEs had engaged with their local Growth Hubs, with their social media presence attracting an average of 4,600 unique visitors per day. Due to the impact of the programme, Lancaster University Management School was invited to give evidence to a House of Commons Select Committee to inform policy on Government Support for Business. The programme was centred at the nexus of the local growth and devolution agendas and addressed the ambition to re-balance the English economy by supporting SME growth. The inherent approach of the W2GH programme has impacted the continuing process of engagement between policy and practice.

## Growth Hubs

- 32m Regional Growth Fund allocated through Lancaster University to 15 city regions across England
- Programme value approx £96m, in allocated funding and regional private sector match/investment
- Launched 5th September 2013
- To provide bespoke support small-and-medium sized businesses
- Creating a one-stop shop/signposting service for businesses

- Black Country Growth Hub
- Dorset Growth Hub
- Coast to Capital Growth Hub
- Coventry and Warwickshire Growth Hub
- Humber LEP Growth Hub
- New Anglia Growth Hub
- Velocity Growth Hub (SEMLEP)
- Oxfordshire Business Support
- Business Growth Hub Thames Valley Berkshire
- Peninsula City Deal Growth Hub
- Solent Growth Hub
- BEST (Business Essex Southend and Thurrock) Growth Hub
- Stoke-on-Trent & Staffordshire Growth Hub
- Swindon and Wiltshire Growth Hub
- Tees Valley Business Compass



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 Regional Growth Fund

# Introduction

As an early initiative in the UK's devolution and local growth agenda across England the £32m W2GH Programme was funded through the Regional Growth Fund (RGF) and developed by the University in collaboration with the Department for Business, Innovation and Skills (BIS), the Cabinet Office (Cities Policy Unit), British Chambers of Commerce, BIS Local and the Department of Communities and Local Government (DCLG). Each Wave 2 Growth Hub worked to link locally tailored support for SMEs with national business support offers, including the Business Growth Service, Innovate UK (formerly the Technology Strategy Board), UK Trade and Industry.

## Provider overview

Lancaster University Management School (LUMS) is a world-ranked management school, consistently rated among the UK's top five. It is one of the few business schools in the world to hold quadruple accreditation. This includes recognition from the three leading international accreditation bodies for the business school sector: from the EFMD (EQUIS); the Association of MBAs; and the Association to Advance Collegiate Schools of Business.

This triple accreditation is confirmation of the international scope and standing of Lancaster University Management School. In addition, the School was amongst the first business schools in the UK to be awarded the Small Business Charter, an accreditation for the quality and depth of work undertaken in supporting small businesses, local economies and student entrepreneurship and the impact that work has regionally, nationally and internationally. LUMS's recognised ability to translate world-class research into programmes with proven economic impact lay at the core of the Programme. The University has an outstanding track record of supporting growth in SMEs.

Research insights generated from over a decade of small business and entrepreneurship research underpinned the delivery of an outstanding record of small business support programmes (see, for example, Cope and Watts, 2000; Cope, 2005; Zhang and Hamilton, 2010; Gordon et al. 2012) which resulted in Lancaster University securing the project.

Key areas of the department's research include exploring the nature of entrepreneurial behaviour and the way in which entrepreneurs learn, enterprise policy and SME and regional development. In turn, the project has stimulated and informed on-going research in small business learning, development and growth. (See Appendix 1 Research)

## The W2GH Programme Partners and Stakeholders

The W2GH Programme promoted economic growth through improved business support across England. Lancaster University acted as the Accountable Body, Lancaster University Management School was the Project Lead and a Programme Secretariat was established, based within Lancaster University Research and Enterprise Services.

The programme involved a wide range of stakeholders including Local Enterprise Partnerships, Chambers of Commerce, and Local Authorities, central government and national agencies and small businesses across England. The implementation of the programme involved 42 universities, 19 Chambers of Commerce and 17 Local Enterprise Partnerships as well as a wider network of public and private partners delivering a range of business support from face-to-face advice through to investment and grant schemes.

To summarise, key stakeholders included:

- Department for Business, Innovation and Skills (BIS)
- Department for Communities and Local Government (DCLG)
- Cabinet Office (CO) Cities and Local Growth Unit
- BIS Local
- Business Growth Service
- 19 Chambers of Commerce
- 42 Higher Education Institutions
- 17 Local Enterprise Partnerships (LEPs)
- Over 200 local and national business representatives, support and innovation organisations

# The Challenge

## Policy context for the challenge

The UK Government Budget Statement of 2010 outlined the devolution of responsibility for local growth as well as the closure of the English Regional Development Agencies. A range of powers were devolved in the Localism Act of 2011 and devolution deals were initially set up with the eight major cities (Wave 1 Cities) via The Cities White Paper. The policy was then rolled out to the next 14 largest cities and their wider Local Enterprise Partnership (LEP) areas and a further six with the highest population growth between 2001 and 2010 (known as the Wave 2 Cities).

The recommendations of the Heseltine Report - "No Stone Unturned: In Pursuit of Local Growth", were accepted as part of the 2013 Spending Review and detailed in the Treasury document, Investing in Britain's Future. This confirmed the creation of a Single Growth Fund. By March 2014 all of the 39 Local Enterprise Partnerships had submitted Strategic Economic Plans to Central Government which became the basis for negotiating their "Growth Deals". The Budget statement of March 2016, announced a further £1.8bn for the Local Growth Fund.

## The Challenge

The smaller cities engaged in the initial Wave 2 City Deals had variable levels of existing infrastructure and capacity through which to support local economic development and the abolition of the Business Link advisor network, which was replaced by a helpline and web tools in 2011, left a gap for many of these cities. It is this gap that the W2GH Programme was designed to fill. Based on work already undertaken by the Cabinet Office and BIS with the Wave 1 Cities the W2GH Programme built capacity in the Wave 2 Cities (and their respective LEP areas) to support businesses to grow.

Lancaster University submitted an application to the fourth round of the Regional Growth Fund to deliver the programme and was awarded £32m. LUMS worked closely with the Cities Policy Unit and BIS to support cities in designing their W2GH programme proposals and to determine allocations from the fund (see Figure 1 Wave2 Growth Hub Support process). LUMS brought expert knowledge and experience to the programme in terms of both small business engagement and the management of significant regional development funds.

The key challenge for LUMS was to work with the local cities to establish the Growth Hubs in their particular context, and to ensure that they were able to provide improved business support for local SMEs with a view to creating jobs and securing private sector match, in order to drive regional economic growth. At the same time, it was important to maintain a constructive dialogue with other stakeholders, particularly policy makers and ensure that the overall programme was performing to the metrics set by the funders. Government policy ambition was for these Hubs to be at the centre of growth-led transformations of city-area economies, expanding and accelerating the growth potential of local businesses, and attracting both inward investment and talent.

Once funding was secured, the challenge moved to planning the structures, governance and processes that would deliver not only the targets set (jobs created, private sector match) but to achieve learning outcomes at a number of levels.

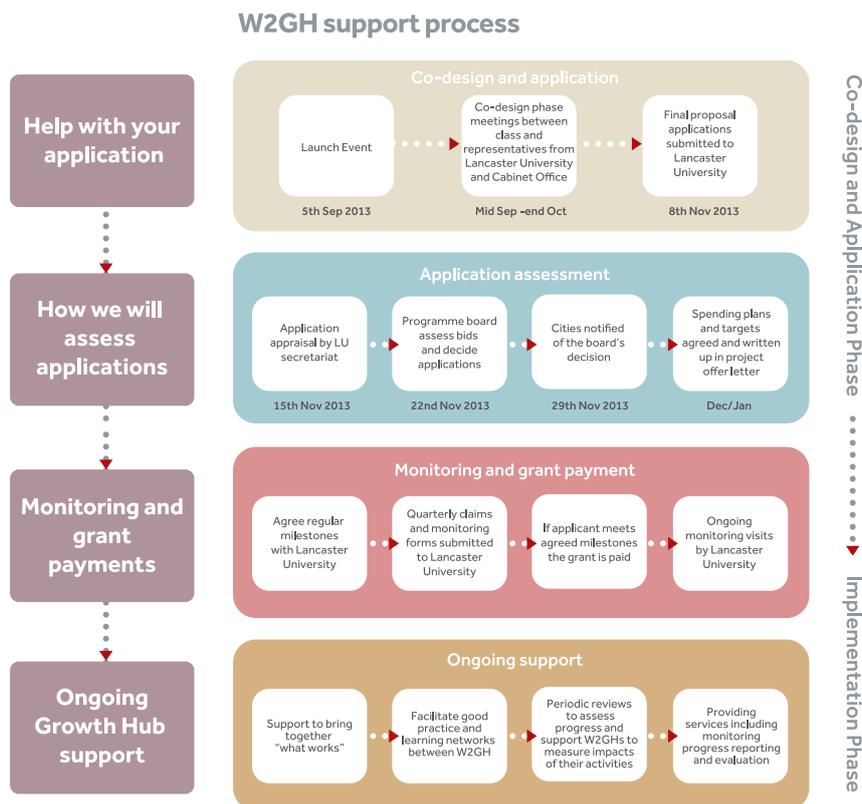


Figure 1: W2GH support process

# The Commitment

Lancaster University established two strands of activity responsible for the design, delivery and evaluation of the W2GH Programme:

## Knowledge Exchange and Research Group

- Bring experience and expertise to the bid evaluation process and ongoing assessments of progress;
- Provide supportive development of W2GH with the Wave 2 Cities – by bringing knowledge of “what works” with SMEs;
- Facilitate a good-practice and learning network with W2GH cities;
- Undertake periodic reviews to assess progress and report back to Programme Board on progress and if necessary make recommendations for remedial action and/or interventions (formative evaluation);
- Work in partnership with Business Innovation and Skills; Cabinet Office Cities Policy Unit and other relevant government departments and agencies to enable knowledge sharing in relation to government programmes and assets for business support;
- Work with Business Innovation and Skills (Enterprise and Economic Development Analysis) and others to set frameworks for collection of information from the W2GH to ensure formal summative evaluation.

## Programme Secretariat

- Drawing on expertise from LUMS to establish criteria for the award of funding and select successful applicants;
- Manage an ongoing claims process with cities, a quarterly claims process with Department for Communities and Local Government and monitor grant payments across all stakeholders;
- Provide appropriate information and guidance to cities regarding Regional Growth Fund eligibility, process and procedures for claims, reporting and maintaining audit information;
- Drawing on ERDF (ISO 9001) expertise in monitoring progress; evaluation and reporting, establish (in agreement with Business, Innovation and Skills and Regional Growth Fund secretariat) an appropriate monitoring and evaluation framework, including frequency of reporting; and audit requirements.

## The funded Wave 2 Growth Hubs were asked to:

- Develop Growth Hub delivery plans;
- Build partnerships with locally relevant agencies;
- Link with national programmes on business support;
- Establish appropriate governance structures and systems;
- Deliver the programme as specified and to clear fiduciary standards;
- Collect metrics data from companies to enable performance monitoring;
- Undertake formative evaluations of local schemes

Their in-depth delivery plans detailed the areas that the Growth Hubs would address including, economic impact, strategic fit, partnership working, deliverability and sustainability. The evaluation panel also took into account innovations in practice or policy and looked for evidence of how business support interventions would be measured, including details of proposed monitoring and tracking systems.

Each Growth Hub was supported in devising an appropriate range of activities with the aim of effectively responding to the business support needs in their locality. This process was co-designed within the cities with LUMS, Cabinet Office, BIS. The co-design process ensured each delivery plan addressed the local needs of businesses as well as aligning with the programme's overall principles and strategic priorities.

The need for more co-ordinated and more effective business support in each of the Wave2 Cities underpinned the proposal to create Growth Hubs which not only provide an easy access point for business but begin to co-ordinate and channel nationally provided schemes into local businesses as appropriate to local needs and opportunities.

# The L&D Initiative

The key steps in the 'contracting' stage and the translation into an actionable project were:

- Design, orchestrate and manage a bidding process for financial support from the Regional Growth Fund (RGF) which will enable the W2GHs to establish Growth Hubs and deliver programmes to local businesses.
- Disburse funds to the eligible cities against appropriate RGF objectives and criteria.
- Monitor and support as necessary the W2GH to meet their stated aims objectives and targets.
- Design and implement a monitoring and evaluation approach.
- Facilitate the W2GHs to build a peer-to-peer network enabling the sharing of good practice and co-ordinated approaches to hub developments and delivery.

The diagram below illustrates the structures and processes to achieve those aims. It shows the initial phases of co-design where Lancaster University worked closely with colleagues from Cabinet Office to work with Wave 2 cities to develop and submit applications. At the same time the overall governance of the programme was put in place, most importantly the Programme Board, Chaired by the Dean of Lancaster University Management School and the Evaluation Panel based at Lancaster University.

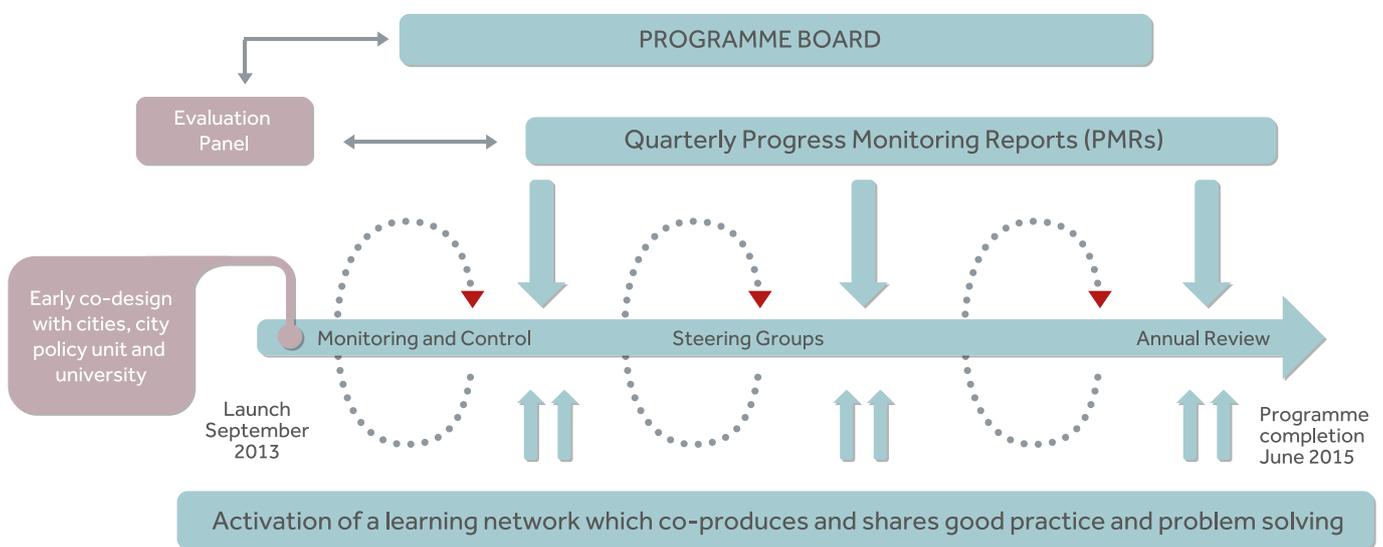
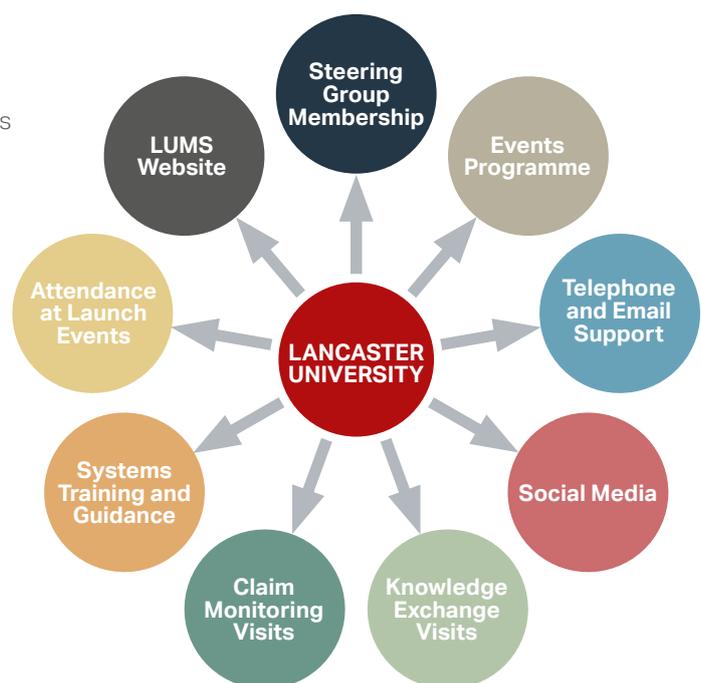


Figure 2: Process of activating a learning network

Support was provided through a number of activities such as joining Steering Groups, visits for monitoring and evaluation purposes and providing systems training and guidance.

An events programme was planned with a view to providing opportunities to develop the network of growth hubs, share challenges and opportunities and support a learning community.



## Building the network

An important component of the events organised by Lancaster University throughout the programme was to facilitate peer-to-peer networking. This enabled the W2GH to exchange knowledge and experiences. The workshops created that space to step back from their day-to-day operations and dedicate time to thinking strategically. Two examples of this are::

### W2GH Inaugural Workshop

In January 2014 a workshop was organised to enable the cities to meet and discuss issues and share ideas as they began to implement their delivery plans. The key themes that came out of the discussions were:

- Focusing on the customer journey and what businesses want, adding value
- Consistent message, branding and sharing information
- Building up local networks, friendship with neighbours, trust and translation, boundaries
- Local knowledge versus centralisation

### Evaluation Workshop

In July 2014 a session was organised to develop a shared understanding of different evaluation techniques and support the W2GHs in the preparation of their evaluation specifications. Facilitated by Lancaster representatives, the W2GHs worked in groups to consider the outcomes they wanted to achieve from their evaluation and the various steps, actions and resources they needed to accomplish this.

An agile implementation of policy was achieved by designing, planning and implementing three inter-related streams of activity to allow the University to fulfil its role and maximise the impact of the programme:

- 1 A project oversight and monitoring role, acting as the holder and distributor of RGF funds
  - Assessing and recommending funding based on application from the Wave 2 cities.
  - Forming an Evaluation Panel which made recommendations to a Programme Board which took the decisions on funding. This group included representation from BIS and other Central Government Departments.
  - Sub-contracting with the successful cities to deliver their agreed Growth Hub packages.
  - Monitoring progress, working with DCLG and reporting back to BIS on a regular basis.

- 2 An advisory, policy support role in which LUMS worked alongside national government to help the cities design business support policies and practices which were both tailored to local needs and consistent with national policies. This advisory role consisted of working with the cities during the co-design phase to understand the needs for business support. It then developed into a formative, evaluative role working alongside the cities during the life of the RGF programme January 2014- March 2015. The aim of the RGF team was to ensure the ability to monitor and evaluate the impact of the project post March 2015.
- 3 The development of a research agenda alongside the other two parallel streams of activity was an essential element of the programme delivery.

## Building and facilitating a learning network

The peer-to-peer networking events organised by LUMS were particularly designed to promote reflective thinking.

The intended learning outcomes for the Wave 2 Cities were how to: engage in creating an effective growth hub; improve business support for SMEs at a local and national level; build capacity in local contexts to comply with complex streams of public funding and the associated monitoring; and learn from each other.

# The Impact

The W2GH Programme promoted economic growth through improved business support across England. It created an effective infrastructure for business support beyond the major English urban areas and was aligned with the increased drive for local devolution of economic growth. The programme was centred at the nexus of the local growth and devolution agendas and the ambition to re-balance the English economy.

## Impact on the economy

At the end of March 2017, the following outputs were delivered and are supported by auditable evidence:

- 4,108 private sector jobs created
- 1,442 jobs safeguarded
- £75.3m private sector match invested
- 5,790 businesses have received assistance through bespoke programmes

It was estimated that some 67,000 SMEs had engaged with their local Growth Hubs, with their social media presence attracting an average of 4,600 unique visitors per day. The programme significantly exceeded the target of £2 private sector investment for every £1 invested.

Due to the impact of the programme, LUMS was invited to give evidence to a House of Commons Select Committee to inform policy on Government Support for Business. The programme itself won the prestigious Academy of Management (AOM) Runner-Up Practice Research Centre Award in recognition of the outstanding contribution and impact of the programme on society and the economy.

## Sustainability

According to BIS, by December 2015, there were 30 Growth Hubs across England delivering support to almost 80% of the registered business population. The W2GH Programme began life as part of the Wave 2 City Deals, but has since evolved to include all LEPS. Full coverage of Growth Hubs across all the Local Enterprise partnerships in England across England was achieved by March 2016. Growth Hubs bring together local and national, public and private sector bodies involved in supporting business in a streamlined manner.

The W2GH Programme worked with the local cities to establish the Growth Hubs in their particular context, and ensured that they were able to provide improved business support for local SMEs with a view to creating jobs and securing private sector match, in order to drive regional economic growth.

## Contributions to policy and research

Optimising policy on business support, local growth and decentralisation are not limited to the context of the UK. The W2GH Programme has contributed to debates at a local, national and international level, for example:

- Evidence provided to a Select Committee on 'Government Support for Business'.
- Keynote delivered at the Westminster Policy Forum Conference 'Next steps for universities and local growth'.
- Growth Hub networking events on a range of topics from evaluation to smart specialisation and stakeholder analysis
- Workshop on the Wave 2 Growth Hub programme delivered at the Universities UK conference 'Universities, communities and business: collaborating to drive growth and power innovation' 27th April 2016, attended by Universities, LEPS and Policy Advisers.

Papers have been presented at a number of national and international conferences and workshops disseminating the lessons learned from the design and delivery of the W2GH Programme with a view to publishing and contributing to understanding agile policy implementation, developing networks to support growth and regional policy (See appendix 1).

## Reflections and concluding remarks

The involvement of LUMS in a programme of this nature is ground breaking in terms of the role of a university working with government to deliver a policy initiative, by designing, delivering and managing a nationwide economic development programme.

The question might be – ‘Why would a university do that? Surely our mission is to research and to teach?’ As the social and economic landscape changes, universities are coming under growing pressure to contribute to the economic development of their localities (Pugh et al. 2016).

LUMS is a research-intensive business school, which somewhat unusually has a long history of small business engagement and managing regional economic funds. It has been recognized for its ability to translate world-class research into programmes with proven economic impact, through various awards such as an inaugural ESRC Impact on Business Prize and the Small Business Charter Award.

The ISO9000 accredited claims and monitoring processes, along with the creation of an agile evaluation and the formation of a learning network helped bring all the complex elements of the programme together to share best practice and ideas for regional development and support for businesses to grow.

In the W2GH Programme we were determined to integrate the lessons learned from our research-led engagement experiences and demonstrate the added value of a university in this process. Universities need to guard fiercely their academic freedom and their status as a neutral intermediary. LUMS has acknowledged and acted upon, in terms of research and programme delivery, a recognition of the importance of the SMEs in the economy.

This programme established the importance of business support that is designed for, and appropriate to, the social and historical context of particular regions.

The impact and reach of this programme continues long past its completion date in 2017.

The achievements of the programme and the knowledge generated informs the wider network of Growth Hubs coming online and sees the continued use of processes, knowledge exchange opportunities and tools provided on this programme to impact on future growth.

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