

Agenda Item 3. Growth Hub and Business Support Plans 2026-27

Purpose: To seek support from the Board to proceed with the 2026/27 Growth Hub and Business Support offers in the context of revised government guidance and funding.

The board is invited to:

- Note the development of the plans for 26/27.
- Provide review and challenge to the proposals.

Background - National context

The business support landscape in the UK is undergoing major change in terms of strategy, priorities and approach to delivery.

The strategic, national context is framed by the Government's new plan to support SME's, 'Backing Your Business' (launched mid-2025) with a stronger focus on access to finance for SMEs, opening up new markets, unlocking business skills and creating a more stable environment for entrepreneurs. It also highlights a stronger narrative around support for high streets and retail businesses who are facing specific challenges at the moment.

There is also a welcome focus on cross-Government alignment encompassing departments such as DBT, DWP, DCMS and DSIT who all play an important part in supporting business growth and employment across key sectors.

In addition, the Government's Modern Industrial Strategy and Sector Plans as well as the recently launched Entrepreneurship Plan, focused on R&D and innovation, procurement, tax and finance, all help shape a stronger shift towards supporting UK start-ups and scale-ups.

At the core of this is the new Business Growth Service, led by the Department for Business and Trade (DBT), which aims to streamline and strengthen the business support offer by linking national programmes and local delivery in one central place.

New online and digital services, including the newly created business.gov.uk website [Business.gov.uk - Find the right support for your business](https://business.gov.uk) and British Business Bank Finance Finder [Finance Finder | British Business Bank](https://financefinder.bbb.co.uk), also provide important information/signposting.

Under the new Business Growth Service, Growth Hubs in England will continue to play a vital role in providing local businesses of any size or sector with advice and access to support via a free and impartial local point of contact. This is alongside the wider provision of local support.

Government has committed to providing Growth Hubs with multi-year budgets with the total budget for the Growth Hub network over three years confirmed as £45 million. To set multi-year budgets, Government has created a new transparent funding formula which considers the share of England's SME population that the Growth Hub geography covers.

Small and Medium Sized Enterprises (SMEs) are often quoted as the lifeblood of the UK economy and for Suffolk, around 97% of businesses fall under this category (employing less than 250 employees). A continued and concerted effort to support SMEs in Suffolk is more important now than ever with an uncertain economic backdrop nationally and some challenges related to our rurality, infrastructure and skills needs at the local level.

For completeness, it is also important to recognise the vast untapped opportunity of under-represented groups and the following key points have been highlighted by DBT and HM Treasury, and flagged also by the National Enterprise Network (NEN);

- Equalising opportunities for women-led SMEs could add £250bn to the UK economy
- Addressing barriers for ethnic minority led businesses could add £75bn
- Improving access for founders with disabilities could unlock £230bn.

Local context

Under the Enterprise and Innovation theme of the Suffolk Economic Strategy, there is a strong focus on providing a range of business support activity to help entrepreneurs and enable enterprises to start-up and scale-up.

However, recent delivery of business support in Suffolk has possibly been more fragmented, across multiple organisations, and requires a stronger, more cohesive approach in future with a clear and understandable support journey/navigation related to every business stage.

With funding from DBT, Suffolk County Council is also in the process of developing a more sophisticated AI driven digital tool to help local SMEs better navigate the support on offer, both locally and nationally. This is due to go live by Summer 2026.

Some of the planned changes in terms of national funding and different approaches to service delivery could be more impactful and present new challenges at the local level.

Core Business Support (Growth Hub)

The core New Anglia Growth Hub service for Suffolk has been contracted out to YTKO since 2023 under the management of a consortium of District, Borough and County Councils. This core service provision is important as provides a key information, business advisory and signposting function for all Suffolk based SMEs and continues to be in high demand. In the 2025-26 financial year so far, over 700 businesses have been supported via the Suffolk Growth Hub Service (YTKO), via workshops, one-to-one support and referrals to other programmes.

Previously funded via UK Shared Prosperity Funding (UKSPF), the contract with YTKO comes to an end in March 2026, along with the allocation of UKSPF funding. Some allocation of DBT funding has also previously been provided to cover some back-office Growth Hub functions e.g. CRM, website, platforms etc but this is now about to change as well (see below).

An evaluation of the current contract is anticipated, and any learnings could help shape delivery of business support in future. It is expected that a joint Norfolk/Suffolk Growth Hub will be driven by evidence base and data in future, highlighting areas of need/opportunity.

Start-up Support

Funding and provision for start-up support activity has been varied across Suffolk and depending on which District/Borough the business/entrepreneur is located, there might be a different service provider. For example, in West Suffolk there is support from MENTA and in Ipswich it is from BGCN's Start, Build, Grow programme. There is an opportunity to develop a county-wide start-up/enterprise framework or strategy to ensure greater levels of consistency, coherence and clarity across the county in future.

Early-stage support to entrepreneurs and micro enterprises is critical and should be about more than simply signposting. Support with capability building, market generation, physical space, connections and raising investment are all key factors and so more handholding is often required at those important early stages of business development. There are opportunities to learn from best practice to date to ensure that we have more targeted and intensive support.

More proactive programme activity around supporting innovative and digital tech start-ups and founders is also important and starting to bear fruit. This includes the 'Future Tech' programme (previously supported by Barclays Eagle Labs) with continued delivery by Innovation Labs, funded by Suffolk County Council and Connected Innovation, which has so far helped 36 tech start-ups in Suffolk and raised over £2 million of investment.

The recent support from the Suffolk Business Board for the enhanced Innovation Martlesham cluster activity will also help scale-up the number of digital and innovative SMEs in the County.

High Growth Support

The High Growth business support service transitioned across to Suffolk County Council from New Anglia LEP in April 2024. Although under the overall envelope of Growth Hub support, it is in addition to the core Growth Hub service delivered by YTKO in Suffolk.

To help better position the high growth service, it has been branded locally as 'North Star'. Initially a trial pilot with support from MENTA in 2024-25, it is now a core service of the Suffolk Economy team (with 2 FTE) providing a more targeted and personalised support service. The Team also work with other organisations such as Suffolk Chamber of Commerce and programmes e.g. Made Smarter, to handle enquiry referrals for businesses with high growth aspirations. During the current financial year so far, it has generated the following outcomes;

- Supported businesses in securing £265K in Suffolk Economy Grants
- 32 businesses received 12 hours+ intensive assistance/advice
- 15 businesses received medium-touch support
- 21 received light touch triage / referrals
- 8 referred to Skills Bootcamps
- 10 referred to Made Smarter

Funding for Growth Hub and Business Support Delivery in 2026 and beyond

The Suffolk High Growth service and some of the back-office Growth Hub support and administration e.g. CRM system, has been funded from a DBT funding allocation directed to upper tier authorities following the dissolution of LEPs in 2024. For 2025/26 the funding allocation to Suffolk CC was £311K (with the same amount provided to Norfolk CC).

The direction from Government has been for the Growth Hub responsibility and delivery to shift across to the future Mayoral Combined Authority for Norfolk and Suffolk from 2026/27. However, with devolution plans now delayed, Suffolk (and Norfolk) faces a challenging position with respect to continuation of core business support delivery.

The key expected outcomes, future plans and instructions are summarised below following a meeting with DBT officials in December involving senior NCC/SCC officers. Since this meeting there has been confirmation of the Norfolk and Suffolk funding allocation (see below).

- DBT confirmed that we would only have one funding settlement to cover Norfolk and Suffolk from April 2026 (rather than the previous separate funding of £311K per county).
- DBT expectations are for a Norfolk and Suffolk Growth Hub to be in place to deliver business support from April 2026.
- A 3-year settlement has been agreed with letters received by SCC and NCC dated 19th December 2025. The annual allocation for Norfolk and Suffolk combined is now confirmed as £406,055 (representing a reduction in funding allocation of £216,000 per annum for Norfolk and Suffolk combined).
- In the absence of an MCCA, DBT have requested one accountable body to cover Norfolk and Suffolk (for contract and payments). Suffolk CC have discussed with Norfolk CC colleagues and agreed that this will be Norfolk CC (until we have an MCCA in place) and that an SLA will be created between the two County Councils.
- Following the meeting with DBT, Norfolk and Suffolk County Council have sent representations to DBT highlighting our concerns around impact of these decisions and reduction in funding, and raising additional key points including;
 - Higher cost of delivering support in a rural region – DBT funding allocation does not take into account higher cost of delivering business support in a rural area.
 - Increase in businesses seeking support across Norfolk and Suffolk – up 50% since 2024/25 (according to Norfolk/Suffolk Growth Hub CRM data).
 - New Business Growth Service will further escalate service requirements and place strain on our service with reduced funding.
 - May have to scale back Growth Hub service in Norfolk and Suffolk as a result of reduction in funding.
 - Potential negative impact on high streets and retail support (a key objective of the Government's new SME plan).

Next steps include progressing the plans for the new delivery model and handover from YTKO, establishing new governance arrangements and performance framework. Suffolk County Council would welcome ongoing involvement and dialogue with Suffolk districts/borough and other organisations such as the University of Suffolk, MENTA, Suffolk Chamber, FSB etc. as we continue to shape the new delivery model(s) for business support.

Funding and Investment

As highlighted earlier, over the past 2-3 years, support for SMEs in Suffolk has been fragmented. However, there have been a number of programmes that have helped unlock additional grant support and investment for SMEs in key sectors. These include the Agri-Food Launchpad (with an additional £1.25m of funding into Suffolk SMEs), the DCMS funded Create Growth programme (for creative enterprises) and the Made Smarter programme (for manufacturers across the East of England).

There have also been additional local programmes to help SME's access Innovate UK and other similar Government funding to help drive innovation and enhance productivity. The primary example of this has been the Innovation Grant Mentoring programme for Norfolk, Suffolk (and

now Essex), funded by the County Councils. There have been a number of successful case studies such as MedAI Ltd (Haverhill) achieving £50,000 of Innovate UK funding for product prototyping.

For angel and venture capital investment, it has been challenging at times to ensure that Suffolk based investment opportunities are on the map and being recognised. Anglia Capital Group and the New Anglia Capital partnership activity (previously with LEP and now County Councils) has helped play an important role in raising awareness but also connecting local businesses with angel investment opportunities. A further £300k was invested in early-stage equity stakes in start-ups in 25/26. It was originally envisaged Mayoral funding would be sought to provide further investment funds to New Anglia Capital, however this proposal is currently on hold pending Devolution clarity.

The British Business Bank (BBB) will also play an important role in future with the publication of their new five-year strategic plan, [Five-year Strategic Plan | British Business Bank](#), which will help deliver a step change in how UK smaller businesses are financed. Earlier in 2025, the Bank was given an increased permanent financial capacity of £25.6bn and more flexibility to deliver a range of services to unlock investment and potential for SMEs, including start-up loans and venture investment focused more on scale-ups.

Investment into the East of England will also increase with the establishment of two new BBB regional investment funds, worth £350m, in the East and Southeast of England (due to launch by mid-2026), as previously flagged to the Suffolk Business Board, following discussions and lobbying with Government and the British Business Bank. The new BBB schemes may eventually mean further investments by New Anglia Capital are not required.

Grant Support in Suffolk - Current Mid-Term Update on Suffolk Economy Grants

A £1m Suffolk Economy Grants scheme was agreed by the Business Board in January 2025, utilising previous LEP grant funding.

The Suffolk Economy Grant (SEG) has funded 15 projects to date, creating 52 new jobs, with the average grant award to date under £20K per project. However, identifying suitable projects within its strict parameters has been challenging. Since April 2025, £386k has been allocated, with £614k remaining. Although the grant has been extended to June 30, 2026, the pipeline of eligible projects is limited, making it difficult to achieve the overarching programme objectives.

Demand for funding has been significant, primarily from micro, small, and medium enterprises seeking capital for growth projects that fall outside SEG's narrow focus areas—digital transformation, technology convergence, innovation and R&D, and decarbonisation. This interest has generated a database of over 300 SMEs, many of which could qualify under a more flexible programme.

Feedback from businesses highlights a clear gap: limited funding for straightforward growth initiatives. While programmes must deliver more than growth alone, a mild revision to the existing Suffolk Economy Grants scheme is proposed with parameters encompassing business expansion (evidenced by increased turnover or manufacturing capacity), job creation, and decarbonisation.

An enhanced, more flexible grants programme for Suffolk should offer grants of £5,000 up to a maximum of £50,000, lower than previously, (with a 25% intervention rate, leveraging 1:3) to

SMEs in agreed sectors for equipment purchases or premises upgrades that enable business growth, job creation, and carbon footprint reduction.

Lead generation would be expected via the SCC High Growth Team, Growth Hub and other support organisations such as the Suffolk Chamber of Commerce, University of Suffolk, MENTA and District/Borough Councils.

Evidence from previous Suffolk District and Ipswich Borough Council grants indicates occasional overlap, including one instance of double funding. A single, unified grant programme, similar to the model previously offered by New Anglia Local Enterprise Partnership (LEP), would provide clarity and efficiency for businesses. By March 2026, grants provided by districts and borough authorities in Suffolk, through the Rural England Prosperity Fund (REPF) will conclude; most have already ended, leaving no growth-focused grants available for SMEs in the region.

To conclude, we propose that the current Suffolk Economy Grant scheme is refined to allow greater access and flexibility, and there is consideration of topping up funds to cover FY2026/27.

Overall Recommendations

1. Establish a 'Norfolk and Suffolk Growth Hub', working with Norfolk CC, to continue to deliver a core business support service offering from April 2026, leveraging existing SCC/NCC resources wherever possible. A rebranding of the New Anglia Growth Hub will be considered.
2. Continue to host and promote a Suffolk High Growth (North Star) business support offering from April 2026 (hosted by Suffolk CC), proactively targeting businesses with aspirations to grow, across key sectors/clusters.
3. Review and develop a more coherent framework for delivering support for entrepreneurs and start-ups, recognising the importance of this provision, joining up existing activity where possible e.g. Innovation Martlesham, Future Tech etc (strategic lead Suffolk CC).
4. Launch the new Suffolk business support platform in Summer 2026, providing additional on-line support to help businesses navigate the support on offer (locally and nationally), led by Suffolk CC. This project was endorsed by the Suffolk Business Board in September 2025.
5. Develop a promotional campaign to drive local SMEs and business owners to finance and investment opportunities, working with partners including British Business Bank, Anglia Capital Group, Innovate UK, DBT etc
6. Progress opportunities to extend service offering to key cohorts, under-represented groups or specific sector groups. This could include an extension of programmes such as Norfolk's Future High Street programme into Suffolk's market towns, for example.
7. Create a new revised Suffolk Economy Grants 2 programme, offering greater flexibility to support business growth and attract additional private investment. During 26/27, there may be merit in topping this fund back up to £1m.
8. Review the scrutiny process around grant awards and consider additional involvement of a Business Board representative and/or internal audit review of the internal system and process.