

UK Futures Programme Competition brief:

Developing Leadership and Entrepreneurship skills in small firms:

*How can anchor institutions support the
development of small firms in their local economy?*

March 2015



The UK Futures Programme – competition brief:

Developing Leadership and Entrepreneurship skills in small firms

Summary

The UK Commission for Employment and Skills (UKCES) are inviting innovative proposals from organisations, or groups of organisations, who operate as ‘anchor institutions’ within their local community in order to explore ways to support small firms to develop their leadership and entrepreneurship capabilities.

We are specifically interested in proposals from: Scotland, Wales, Northern Ireland, South West England, North West England, North East England, and Yorkshire and Humberside. The countries and these English regions currently rank below the UK average in terms of productivity. We are interested in identifying ways to help boost productivity and create prosperous local communities through offering support to small firms.

A key priority for the UK Futures Programme is the desire to test out new ideas and learn what works and what doesn't. As such, we are interested in working with organisations who are prepared to work in partnership with us to trial innovative ways of working, and who are keen to share their learning for a wider benefit.

We are looking for proposals which will run for up to 12 months. They must be joint investments, with organisations investing in cash, in-kind, or both, alongside a maximum government contribution of £200,000 per project. Further information on expectations of employer contributions can be found under the Eligibility and Success Criteria section.

The deadline for submission of proposals is midday on Thursday 30 April 2015. Interviews for short listed applications will take place between Friday 19 and Wednesday 24 June 2015.

Successful applicants will be informed by the end of July 2015, with projects expected to start in August 2015 and complete in August 2016.

This document outlines the nature of this competition. It should be read alongside the [‘The UK Futures Programme: an introduction’](#) and accompanying guidance for applicants (see end).

Introduction

‘Anchor institutions’ is a description for organisations that have an important presence in the local community and are tied to specific locations by a combination of factors, including invested capital, mission and relationship to customers and employees. Such institutions may also have high levels of employment and significant purchasing power.

Being an anchor involves making some strategic contribution to the local economy, and is likely to be a secondary aim rather than the main focus for the institution. Anchor organisations may also be a major employer, purchaser, property developer or have a focus on workforce development. It is this latter feature that we are most concerned with in this competition.

It has been suggested that anchor institutions in the UK should play a more significant role in local economies to help build successful, productive and prosperous communities. This is something we would like to test.

Earlier initiatives in this area have identified barriers to successful enhancement of leadership in small firms, which have largely been led by universities. These have included barriers to engagement, resources, lack of supporting policy frameworks or of embeddedness in some institutions, and reward arrangements. However, comparatively little is known about the role anchor institutions could play in supporting small firms. This competition provides the opportunity to consider how known barriers could be addressed through new means, or new players, or both.

The Challenge

The productivity gap between Britain and other G7 advanced economies has widened to its largest since 1992, according to official figures from the OECD. This is undermining our competitiveness internationally.

The evidence suggests that one of the fundamental problems holding back the growth of smaller organisations is a lack of leadership and management capability to drive performance and enable them to succeed.

Small firms make up the vast majority of UK business. 99.3% of UK businesses employ fewer than 50 people. As these businesses grow, the owners face pressures to create management structures that help them to delegate some degree of decision making to their staff. A lack of appropriate management and leadership skills within these firms holds back their performance.

The latest Employers Skills Survey, carried out by UKCES, finds that small firms are significantly less likely to provide management training than their larger counterparts. Across the UK 33% of firms with less than 50 staff provided management training, whilst 72% of those with more than 50 staff did. This varies across the 4 UK nations (ranging from 30 per cent in Scotland to 34 per cent in Wales).

The 2015 BIS report on Leadership and Management Skills in SMEs provides new evidence on how leadership and management skills are relatively underdeveloped in many small firms. This, combined with a widespread failure to adopt management practices, is constraining the performance of a large number of small firms in the UK.

In particular the skills that are most strongly associated with good management practice and small firm performance are **entrepreneurship skills** and **leadership skills**.

- **Leadership skills** – motivating and influencing others and delegating work
- **Entrepreneurship skills** – identifying customer

needs, technical or market opportunities, and pursuing opportunities

The report argues that these skills have the greatest positive impact on staff management practices which then lead to greater turnover, growth or productivity.

This competition is launched in response to that challenge and we wish to explore **innovative ways to support small firms to gain the leadership and entrepreneurship skills that will help them to prosper and to increase productivity in their local community.**

The Opportunity

The UK Futures Programme invites proposals from organisations, or groups of organisations, who fulfil the following criteria of an anchor institution: are deeply rooted in their communities, and play an integral role in their local economy.

Anchor organisations could include: universities, business schools, banks, Chambers of Commerce, Local Enterprise Partnerships in England, Regional Skills Partnerships in Wales. However, this list is not exclusive and we are also interested to hear from other types of organisation who can demonstrate how they could play a role as an anchor institution when it comes to supporting small firms to improve their leadership and entrepreneurial skills.

It is important to note that the UK Futures Programme is a learning programme, and therefore we would like to hear from organisations that demonstrate a willingness to share their learning. In this competition, we are particularly keen to receive proposals with robust methods of testing different products or delivery methods within their project.

UKCES is seeking new ways of tackling persistent problems so we do not prescribe solutions to the problems identified, however, some of the areas in which we might expect solutions to be developed may include:

New role of anchor institutions: There are many organisations that currently play a significant role in their local community. These organisations have expertise or resource which would be of great use to small firms, should they make it available. As the drive for greater local autonomy continues there is an argument for these organisations to play a more proactive role in their local economy to help it to grow and prosper. We would like to test out the extent to which anchor organisations, who currently play no major role in skills development, can use their influence to support small firms develop improved leadership and entrepreneurship skills.

Innovative ways of engaging with small firms: Government policy has tried to influence small firms of the benefits of improved leadership and entrepreneurship skills. However, the UK still has a long tail of small firms who have not engaged with this debate and who do not adopt management practices that will help their firm become more productive. We would have an interest in exploring new ways to engage with these small firms. This could include new messaging to make the argument, new employer networks set up to address a wider range of issues, the use of purchasing or other powers to influence small business.

Testing new types of leadership and entrepreneurship support for small firms: There is much leadership and entrepreneurship support available in the market for small firms to access. Only 33% of small firms access any management training, so for whatever reason the market is not providing what small firms require. We would wish to explore ideas which create new leadership and entrepreneurship solutions which are more appropriate for small firms to work with.

Proposals should not be constrained by the above examples. A principle of the UK Futures Programme is that it should be a test-bed for innovative solutions to the challenges identified in each competition. Its purpose is therefore to encourage innovation, experimentation and to understand what works, what doesn't, and why.

Commissioner Leadership

The UK Futures Programme is being led by Scott Waddington, Chief Executive SA Brain and Co Ltd and UKCES Commissioner. This competition will be led by Julie Kenny, Chairman and Chief Executive, Pyronix Limited. It will be managed by Katherine Cottrell, Senior Manager at UKCES.

UKCES contribution

A total investment pot of up to £1.5 million is available for this competition across multiple projects. UKCES expects to invest up to a maximum of £200,000 per successful proposal. UKCES will invest differing amounts according to the nature of the project being proposed (i.e. development, piloting, scaling). Further information is provided in the guidance documents, a link to which is provided in the 'Further Information and Guidance' section below.

Successful projects would be expected to start in August 2015 with UKCES funding available until August 2016, but with most of the UKCES contribution expected to be made prior to April 2016. Applicants should therefore develop their proposals with this in mind.

UKCES is keen to support the development of proposals prior to submission, and will run webinars for anyone interested in submitting a proposal. The webinars will provide an opportunity to learn more about what UKCES are looking to achieve with this competition, and for you to ask questions. Dates for the webinars can be found under Application Process below.

UKCES will also make available 1:1 support to provide guidance for applicants prior to submission. Please contact UKCES through enquiries.futuresprogramme@ukces.org.uk if you would like to take advantage of this support.

Eligibility and Success Criteria

The UK Futures Programme invites proposals for funding from organisations in **Scotland, Wales, Northern Ireland, South West England, North West England, North East England, and Yorkshire and Humberside** who believe they play the role of an anchor institution and can support small firms to gain the leadership and entrepreneurship skills that will help them to prosper and to increase productivity within their local area. The definition of small firms is **those employing fewer than 50 people**. Within this, proposals may choose to focus on specific types of small firms, consistent with the productivity challenges

they face in their own locality. Proposals can be submitted by individual organisations, or collaborative proposals from groups of organisations.

We are looking for proposals from organisations to demonstrate how they play a significant strategic role in their local economy. Applications need to illustrate an understanding of the needs of their local labour market, and specifically the needs of the target groups of small firms that they propose to support. The proposed project must demonstrate how they add value and do not duplicate existing business support services operating nationally or locally. An understanding of the local labour market must also include an understanding of the local strategic priorities and any existing provision in that area.¹

The main longer-term success measures are:

- Improved growth, turnover or productivity of small firms
- Increased productivity within the local community

All proposals must be rooted in a logic chain that demonstrates how the approach is appropriate to tackle the identified problem and will contribute to these longer-term goals.

Proposals must align with the scope of this competition if they are to pass the gateway question as part of the assessment process (application form). A clear majority of the project's objectives and activities should be aligned with this competition brief and the output(s) of the project will address the problems/issues identified.

If successful at the gateway question, proposals must meet the core criteria of:

Strong employer leadership/engagement: the applicant should demonstrate the connections they have with small firms and in what way they have involved them in developing the proposed solution

Innovation: applications should highlight how the proposal is innovative and how it moves beyond what has been tried before

A clear path from problem to solution which demonstrates the potential for impact: Proposals should illustrate a rationale for selecting the small firms that they will target; demonstrate a clear understanding of the issues faced by that target group, and a rationale for why the solution they are proposing to test will address the problems faced by these small firms

Testing and shared learning: Proposals must illustrate how they will test their innovation, how the learning might be reflected back in to the project to adjust and amend, and how it will be shared for the wider benefit. Proposals which seek to robustly trial alternative solutions with small firms, either in engaging small firms or testing new products, are welcome.

Public and private investment – this can be cash, in kind or both

The balance of private cash and in kind contributions should be appropriate to the proposed project. The balance of public contribution is expected to be greater where the benefits to the wider learning are stronger and the private contribution should be greater where the benefits to the anchor institution and/or employers is expected to be greater. The private contribution must add value, show that employers are actively contributing to the design of the solution and will be involved in the project. This must complement the public funding requested from UKCES. In-kind contributions need to be high quality and could include employer staff providing time, expertise and resource for example. For more information please see, the 'Further Information and Guidance' section at the end of this brief.

Application process

The table below sets out the timetable for the competition.

Registration of Interest to access the on-line application form - An application form with guidance is available from: <https://www.gov.uk/government/collections/ukces-futures-programme-overview>.

Activity	Date
Launch of competition	19 March
Webinars	2 & 15 April
Submission deadline for applications	30 April
Interviews	19 – 24 June
Applicants informed of decisions	July
Projects start	August

Further information and guidance

Further information is available from the UK Futures Programme website (<https://www.gov.uk/government/collections/ukces-futures-programme-overview>).

It is important that applicants read the suite of accompanying guidance documents:

- **UK Futures Programme: an introduction**
- **Guidance for Applicants**
- **Application Form and Annexes**

Questions on the process and scope of the competition can be submitted via enquiries.futuresprogramme@ukces.org.uk

¹ For example, Growth Hubs in England

Evidence

A number of key sources have informed the scope of this competition including:

- OECD Economic Survey: United Kingdom 2015
- Leadership and Management skills in SMEs: Measuring Associations with Management Practices and Performance
- UKCES: Employer Skills Survey 2013
- Anchor institutions and small firms in UK: A review of the literature on anchor institutions and their role in developing management and leadership skills in small firms