

Hull and East Yorkshire LEP Board

Growth Hub – Operational Update and The Future

Report to the Board, 30th September 2021

Paper D - Report from Jon Brunton – Growth Hub Manager

1. Summary

1.1. The HEY Growth Hub continues to deliver a suite of business support services in the region and is expanding its team with new job posts. This paper provides an operational update on the Growth Hub for the financial year to date.

1.2. Given the LEP Review and government Spending Review the Growth Hub is currently at a crossroads and this is the opportune time to review the Growth Hub to identify growth and development opportunities and to refresh Growth Hub strategy. This paper provides a detailed position statement on this Growth Hub review and proposes a timetable for this to be undertaken.

2. Recommendations

2.1. It is recommended that the HEY LEP board:

- Notes the Growth Hub operational update provided by this paper
- Notes the position statement on the review of the Growth Hub and its future direction
- Comments on the proposed Growth Hub review timetable

3. Report

3.1. Operational Update

3.1.1. The Growth Hub management team are currently progressing recruitment activity to the following three job posts:

- **Gateway Triage Business Advisor** – to provide sophisticated diagnostic and triage function to incoming client enquiries, and to also provide support to the wider advisor team by offering a “keep in touch” account management function to client businesses.
- **Workforce Development Business Advisor** – to provide specialist support to Growth Hub client businesses on all aspects of workforce development relating from recruitment, retention, skills support for the workforce and facilitating access to various employability schemes such as Kickstart, T-Levels, Traineeships and Apprenticeships.

- **Made Smarter: Digital Transformation Specialist** – to represent the Made Smarter Yorkshire Pilot Programme in the HEY and York & North Yorkshire LEP areas.

Interviews are scheduled for the above posts in early-to-mid October and it is anticipated that preferred candidates will come into post from 01 November onwards. Due to conditions of external funding all three posts are fixed until 31 March 2022.

- 3.1.2. Growth Hub performance in the financial year to date has been positive and the advisor team report a high level of business enquiries and engagement. There is a particularly strong level of demand for the Growth Hub's start up support service and we are seeing a high prevalence of clients seeking support to explore business start-up.
- 3.1.3. The Growth Hub's start up support service includes the delivery of one-to-many workshops and these have proven to be popular with average attendee numbers of 10-12 per session. We have decided to expand this offering with the commissioning of a "*HEY Start Ups Fast Track Programme*" which is aimed at clients that might wish to start up their business or scale up their start-up business over a compressed timescale. We believe that individuals that have been made unemployed due to the end of the furlough scheme may wish to explore self-employment with a quick business start and this programme will cater to that audience.
- 3.1.4. The bi-annual report that accounts for the first six months of Growth Hub service delivery in 2021/22 is due for submission to BEIS by Friday 29 October and this will include a detailed set of performance KPI metrics for the period 01 April to 30 September. This report will be provided at the next LEP Board meeting in November.
- 3.1.5. The 2021/22 Peer Networks Programme has made a strong start and delivery is currently well ahead of profile. Delivery contractor Biskit Ltd have already recruited to and filled three of the six cohorts to date (11 businesses per cohort), with these first three cohorts commencing in September. Cohort 4 is close to being filled and it is therefore anticipated that all six cohorts will be filled and will have started delivery by the end of October 2021. This would provide the Growth Hub with the opportunity to request further funding from BEIS to operate additional cohorts, given that this was possible in 2020/21.
- 3.1.6. The BEIS-funded Made Smarter Pilot in Yorkshire & The Humber has yet to launch and delivery is now anticipated to commence in November 2021. Delivered across Yorkshire and the Humber by the four Yorkshire LEPS and their Growth Hubs, Sheffield City Region (SCR) LEP were appointed as the accountable body for the pilot on behalf of the region and are tasked with the financial management, performance management, and procurement aspects of the pilot programme.

There have unfortunately been several delays on the part of SCR LEP, and the HEY Growth Hub Manager has been proactively trying to seek assurance that the programme is still on track for delivery in 2021/22. To this end, confirmation was received on 17 September that the tender for the delivery of most aspects of the programme had now been issued, however given the large tender value and the commensurate procurement timetable it is likely that the contract(s) will not be awarded until early November at earliest. BEIS are appraised of the situation and have indicated no concerns over the deliverability of the programme given the now significantly shortened delivery window. However, SCR LEP are to talk to BEIS about the scope for reducing contract output targets given the smaller delivery window and an outcome on these discussions is awaited.

Regarding HEY LEP obligations, we are currently progressing the recruitment of a Made Smarter: Digital Transformation Specialist and hope to have someone into post by 1st November – i.e., before the commencement of the programme proper. In the meantime, the current Growth Hub advisor team will start to raise awareness of the programme with existing clients to build a strong pipeline of EOIs so that the programme can have a strong start once launched.

3.2. Growth Hub Review & The Future

3.2.1. Following discussion between LEP officers in the Summer of 2021, it is felt that this is an opportune juncture to review the HEY Growth Hub with a view to creating a development strategy to determine the future of the Growth Hub. There are a number of governance, financial and strategic factors that will influence the future development of the Growth Hub and therefore a review needs to be undertaken to reflect the various impacts of these upon the Growth Hub delivery model and service offering.

3.2.2. These governance, financial and strategic factors are as follows:

- The national **LEP review**, which is inclusive of Growth Hubs and which is expected to more clearly define the future role of Growth Hubs
- The government's **Spending Review**, as part of which we are hoping to seek a 3-year funding settlement for Growth Hubs
- The work of the national **Growth Hub Network's task and finish groups** working on:
 - Growth Hub development & delivery
 - Growth Hub client monitoring & evaluation
 - Growth Hub branding, publicity, and marketing

- The **HEY LEP Economic Strategy**, which will include several commitments on the Growth Hub
- The recent formation of the **LEP’s Business Support Board** and it’s governance role of the Growth Hub where more detailed discussions will take place
- **Ongoing reviews of the business support services** being undertaken by the **two HEY local authorities** which are heavily interlinked with the Growth Hub (i.e. they are delivery partners of the Growth Hub).
- **The cessation of ESIF funds in June 2023** - which currently fund a large proportion of the annual Growth Hub service offer – and their replacement by the UK Shared Prosperity Fund (UKSPF) which is yet to launch

3.2.3. Given the above factors, a Growth Hub development strategy should be produced that will include a vision statement, objectives, outcomes, and a logic model for the future of the Growth Hub. The strategy should identify a preferred model for core Growth Hub service delivery which will allow the Hub to fulfil all of its objectives and meet the needs of its service users, whilst also identifying opportunities for additional delivery and possible risks as relevant.

3.2.4. The Growth Hub Manager has already taken part in a number of activities that will contribute toward the formation of the development strategy, including contributions to the Hull City Council business support review (which is ongoing) and also membership of Growth Hub Network Development & Delivery task and finish group.

3.2.5. The following timetable for the Growth Hub review and strategy creation is proposed:

Milestone	Date
Proposal to commence Growth Hub review and strategy creation approved by LEP Board	30 September 2021
Terms of reference and Gantt chart for review created, and approved by Business Support Board (BSB)	28 or 29 October 2021
Growth Hub review takes place, including stakeholder consultation, round-table discussion groups, review of final HEY LEP economic strategy, LEP Review outcomes and Spending Review outcomes	November 2021 to January 2022

Findings of Growth Hub review discussed at BSB and top-level Growth Hub vision and objectives agreed by the BSB	February 2022
Creation of Growth Hub development strategy using the findings of the review	February 2022 to April 2022
Approval and adoption of Growth hub development strategy by the BSB	April 2022
Implementation of the Growth Hub development strategy	April 2022 onwards

3.3. Next Steps

- 3.4. Following approval to proceed by the LEP Board, the Growth Hub Manager will create a terms of reference and Gantt chart for presentation at the inaugural meeting of the Business Support Board in October 2021.
- 3.5. The Business Support Board Chair, supported by the Growth Hub Manager will keep the LEP Board apprised of progress of the Growth Hub review at future board meetings at a frequency to be agreed with the LEP Chair and the Business Support Board Chair.

4. Financial and resource implications

- 4.1. The three job posts currently being recruited to are externally funded and this funding is secured until 31 March 2022. The Gateway Triage Advisor and the Workforce Development Business Advisor are funded from the Growth Hub's 2021/22 core budget from BEIS, whilst the Made Smarter job post is funded by the Yorkshire & Humber Made Smarter Pilot – a service level agreement to underpin this is about to be executed between Hull City Council (on behalf of the LEP) and Sheffield City Region LEP.
- 4.2. All other Growth Hub service delivery as discussed in this paper has funding secured for the remainder of 2021/22. Clearly there is a modest risk arising from the availability of future funding however we expect to have this clarified as part of the government's spending review in November 2021.
- 4.3. The Growth Hub's ERDF-funded delivery is confirmed until June 2023 however there are currently no guarantees of funding beyond this date. The LEP will explore the scope and availability of funding via the UK Shared Prosperity Fund as and when this is made available.
- 4.4. There are no financial implications identified for the undertaking of the Growth Hub review and the creation of the development strategy. However, this will naturally take up a reasonable amount of staffing resource which the Growth Hub Manager believes can be met from the existing Growth Hub team.