

HEY LEP Business Support Board

7th July 2022

Paper B - Growth Hub Operational Update, and Delivery Plan Approach Report by Jon Brunton, Growth Hub Manager

1. Summary

- 1.1. The HEY Growth Hub continues to deliver a suite of funded business support services in the region. This paper provides an operational update on the Growth Hub for the financial year to date and also provides a summary of Growth Hub performance in 2021/22.
- 1.2. This paper also provides a summary of the current business and economic intelligence that is being gathered by the Growth Hub.
- 1.3. Finally, this paper provides a proposed approach to the creation of the Growth Hub development & delivery plan arising from the completion of the Growth Hub review.

2. Recommendation

2.1. That the Board:

- notes the latest operational update.
- notes the summary of Growth Hub performance in 2021/22
- notes the summary of the current business and economic intelligence
- reviews and comments on the proposed approach to the creation of a Growth Hub delivery plan

3. Operational Update

- 3.1. The LEP completed and returned the necessary funding documents (schedules) to BEIS by the given 13th June 2022 deadline. These are now under review by BEIS prior to their incorporation into the formal funding offer letter. This is expected within the first two weeks of July.
- 3.2. Once the funding offer letter has been received, this will be signed and returned to BEIS to enable to draw down of the Q1 grant payment. This will also allow for SLAs to be entered into with delivery partners Hull City Council and East Riding of Yorkshire Council. The SLAs will confirm the agreed budgetary and output target position with both local authorities.
- 3.3. As previously reported to the Board, the reduction in core Growth Hub funding has presented a challenging situation, however after dialogue with both delivery partners, job losses have been avoided and a core service of free and impartial information, advice, guidance and signposting for all businesses and pre-start individual in the HEY region has been maintained.

- 3.4. As previously indicated, BEIS have revised the monitoring and evaluation framework for Growth Hubs in 2022/22, which now includes a requirement to record “protected characteristics” data from client businesses. This will require the collection of age, gender, ethnicity, and disability data regarding the ownership of each client business. The Growth Hub team are currently working with the Hull City Council Information Governance team to explore how this data can be collected in a GDPR-compliant manner, including the update of the privacy policy and client engagement paperwork.
- 3.5. The Growth Hub continues to deliver the ERDF funded “#GrowMySME” Programme, which is unaffected by the reduction in core BEIS funding. Providing support to SMEs to overcome barriers to growth (Business Growth Scheme), to access finance and becoming investment ready (Finance for Growth), and to explore and adopt digital technology (ICT for Growth), the #GrowMySME Programme is now in its final year of operation as all three schemes will conclude on 30th June 2023.
- 3.6. Notification was received on 29th June 2022 from the Sheffield City Region (SCR) LEP that the first year of Made Smarter funding (2022/23) has finally been secured via grant offer letter from BEIS. Whilst a three year funding settlement is still in place, BEIS are now to release this funding on an annual basis only. The programme co-design activity of the Yorkshire cluster of Growth Hubs has now recommenced, with SCR LEP looking to issue a tender for the provision of Made Smarter support services during July. The HEY LEP will shortly advertise for the position of “Digital Transformation Specialist”; a job post funded by Made Smarter that will manage a caseload of manufacturing SMEs in the HEY region; supporting their access to the various strands of Made Smarter support.
- 3.7. The Growth Hub played an active role in Humber Business Week 2022 and engaged with many businesses and stakeholders at events across the week. This included the LEP-hosted “HEY Digital Horizons” event on Thursday 9th June which saw an audience of 25 hear about the current status of digital tech adoption across the HEY region, as well as the Growth Hub’s presence at the Business Day on Friday 10th June, with the exhibition stand being co-branded with the Made Smarter programme. A “Digital Horizons” breakout session was also held at the Business Day, which attracted over 40 delegates.

4. Growth Hub Performance in 2021/22

- 4.1. The Growth Hub annual performance report for 2021/22 was returned to BEIS on 31st May. This contained comprehensive detail on Growth Hub activities in 2021/22, including client engagement outcomes and client satisfaction data. A summary of key outcomes is presented as follows.

Outcome Indicator	Annual Target	Actual	Variance
KPI.1 - Number of businesses receiving light touch interaction	1,100	1,424	+324
KPI.2 - Number of businesses receiving medium intensity intervention	420	478	+58

KPI.3 - Number of businesses receiving intensive support	100	110	+10
KPI.4 - Number of 'Scale up' businesses engaged	60	130	+70
KPI.5 - Number of individuals (pre-starts) receiving light-touch support	200	1,522	+1,322
KPI.6 - Number of new businesses created	50	40	-10

4.2. As part of the annual reporting process, a digital survey was sent to all clients who has benefitted from medium or high intensity support in 2021/22. Key headlines from this survey activity can be seen as follows.

- **97%** of clients were very satisfied of satisfied with the support provided by the Growth Hub in 2021/22.
- **88%** of clients are very likely or likely to use the Growth Hub in 2022/23.
- **97%** of client are very likely or likely to recommend the Growth Hub to a friend or colleague.
- **88%** of clients felt that that they were much more likely or more likely to meet their growth aspirations of their business as a result of engaging with the Growth Hub.
- **72%** of clients who had been referred by the Growth Hub to another provider of support of funding reported a positive impact on their business
- **70%** of clients reported that it would have taken them significantly longer or slightly longer to find the support they were looking for without the help of the Growth Hub.

5. **Business Intelligence**

5.1. The Growth Hub is responsible for the gathering and monitoring of business intelligence, economic trends and issues in the Hull and East Yorkshire region. This is reported into BEIS on a monthly cycle, using a prescribed intelligence monitoring template.

5.2. Some of the key business intelligence trends seen over recent weeks includes:

5.2.1. *Labour Market Issues* - As reported previously, ongoing issues of labour availability in the region are widespread, with many of the businesses engaged by the Growth Hub's advisor team reporting recruitment issues at all levels. We have also seen a trend in that the HEY workforce are now working as part of the national market and are able to accept higher wages by taking jobs in regional and national centres whilst only having to travel to their place of work on an

infrequent basis. This “churn” within the HEY workforce is having a severe impact on the HEY jobs market and this is not a problem easily solved in most sectors.

5.2.2. *Supply Chain Issues* – Also reported previously, we have many reports of cost increases in the supply chains of various sectors and industries. These cost increases are also seen in the context of ongoing materials and component supply issues. Businesses are now struggling to subsume increased supply chain costs and have now started to raise their own prices.

5.2.3. *Energy Price Increases* - Increasing energy costs are being reflected in our discussions with businesses. HEY LEP and partners have seen an upturn in enquiries for energy efficiency grants, and businesses heavily reliant on transportation have reported feeling fuel cost rises. The area notes an increased move towards companies investing in, or trying to source, electric vans.

5.2.4. *Consumer Confidence* – We have received feedback from the hospitality industry that cost-of-living issues and energy price increases are altering consumers patterns of consumption with less people eating out.

6. Growth Hub Development & Delivery Plan

6.1. Following completion of the Growth Hub review and presentation of findings to the BSB and LEP Board, the next logical step is the creation of a development and delivery plan for the Growth Hub, based upon the findings of the review.

6.2. Given that the formal funding offer letter for 2022/23 is still awaited from BEIS, it is currently not considered appropriate to commence the development and delivery planning process, until such a time BEIS confirm satisfaction with Growth Hub delivery plans for 2022/23. However, it is likely that this offer letter and confirmation will be received during the first two weeks of July.

6.3. However, the proposed approach for the creation of the development and delivery plan is as below. This would be undertaken in collaboration with both Growth Hub delivery partners; the two HEY local authorities.

6.3.1. Segment Growth Hub review findings into prioritisation categories (i.e. very urgent, urgent, less urgent etc.) and/or time-bound categories (i.e. short, medium, and long term priorities)

6.3.2. Map priorities onto current Growth Hub delivery and resources to identify what actions can be taken now with current level of resources and with current delivery model.

6.3.3. Create vision statement and top-level objectives for the development plan, arising from the segmented priorities as above.

6.3.4. Final stage sees the creation of a SMART based delivery plan, rooted in the contents of the development plan, with a progress monitoring framework attached to this.

6.4. The board are invited to comment on the proposed approach above.