

HEY LEP Business Support Board

7th July 2022

Paper B - Growth Hub Operational Update, and Delivery Plan Approach

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 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.

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 details on Growth Hub activities in 2021/22, including client engagement outcomes and client satisfaction data. A summary of key outcomes are presented as follows.

Outcome Indicator	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 salient 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.

5.3. The Growth Hub is currently collating and validating business engagement metrics and client feedback data for financial year 2021/22, which is due for submission to BEIS by 31st May 2022. Early indications are that the Growth Hub has met or exceeded its contracted KPIs agreed with BEIS at year start. A summary report of HEY Growth Hub performance in 2021/22 will be presented at the next meeting of the Business Support Board in July.

5.4. A number of new staff members have joined the team in recent weeks. Kevin Xu has joined the Growth Hub team as an Administration Officer, whilst Declan McCarthy has joined the team as an Events & Marketing Administration Officer, both working on the Growth Hub's ERDF Business Growth Scheme.

5.5. The Growth Hub's Business Growth Scheme is currently finalising the scoring and award of four contracts to deliver workshops, webinars, and masterclasses to SMEs, procured as four lots via an open tender exercise. The four lots are as follows:

- 1) Sales & Marketing
- 2) Business Productivity and Business Improvement Processes
- 3) Business Leadership, Innovation & Culture
- 4) Recruitment, HR, and Workforce Development

It is anticipated that the contracts will be awarded by 1st June, with delivery of first workshops to take place later that month. The contracts will run until 30th June 2023 due to conditions of ERDF funding.

6. Growth Hub Development & Delivery Plan

With the launch of the Hull & East Yorkshire LEP and Growth Hub on 1st April 2021 and the subsequent formation of the LEP's Business Support Board in the Summer of 2021, LEP Officers recommend that a review of the HEY Growth Hub be undertaken, to ensure that the Growth Hub can meet the needs of the Hull and East Yorkshire business community, as well as play its part in the delivery of the HEY LEP Economic Growth and Workforce Wellbeing Strategy 2021-26. This recommendation was proposed and ratified at the meeting of the Business Support Board on Monday 1st November 2021.

6.1.