

Hull and East Yorkshire Business Support Board  
Growth Hub Operational Update  
Report by Jon Brunton, Growth Hub Manager  
Wednesday 5<sup>th</sup> April 2023  
Paper C

## **1. Summary**

1.1. The HEY Growth Hub continues to deliver a suite of business support services in the region. The Growth Hub also collates business and economic intelligence from across the region. This paper provides an operational update on the Growth Hub for the financial year to date.

## **2. Recommendations**

2.1. That the Business Support Board notes this report.

## **3. Operational Update**

### **3.1. Core Growth Hub service**

3.1.1. On Monday 13 March 2023 the LEP received a letter of comfort from the Department for Business & Trade confirming funding for Growth Hubs in 2023/2024. Up to £12 million has been confirmed for the Growth Hub network in England, which is a £1 million (9%) increase on the £11 million of funding confirmed in 2022/2023.

3.1.2. The exact funding allocation for the HEY Growth Hub in 2023/24 is expected w/c 27<sup>th</sup> March, with the allocation expected to be £215,375 + 9%, which is the allocation from 2022/23 with a 9% uplift. DBT have confirmed that whilst Growth Hub delivery in 2023/24 must be based on conditions of core funding with the delivery of a core provision, that there will remain an element of flexibility in how the funding can be used to tailor towards local priorities.

3.1.3. A key challenge in 2023/24 will be to ensure suitable and effective provision of a Growth Hub service, whilst acknowledging the closure of the Growth Hub's three ERDF projects on 30 June 2023. Closure of the ERDF projects will substantially reduce the size of the Growth Hub's team, including business advisors, as well as budget availability for workshops, webinars, grant funding and other business support interventions.

3.1.4. The Growth Hub annual report for 2022/23 is due for submission to DBT by Wednesday 31<sup>st</sup> May, with the report template itself expected w/c 27<sup>th</sup> March. Current indications are that the Growth Hub will attain all of its KPIs as agreed with DBT at the start of the year. Client satisfaction and performance evaluation will be assessed via the undertaking of a client monitoring and evaluation survey to be issued to client businesses in April

2023. A precis of this annual report and client evaluation will be presented to the Business Support Board in June 2023.

- 3.1.5. The Growth Hub hosted the launch of the Hull & East Yorkshire Manufacturers Network on Thursday 2<sup>nd</sup> March at the Aura Innovation Centre, with 12 manufacturing firms in attendance. Delegates were given a presentation by David Hall, MD of Beverley Park Homes and LEP board member about the trading challenges facing his business including supply chain disruption, energy costs, and recruitment & skills challenges. Feedback from delegates was overwhelmingly positive and a second meeting of the network is scheduled for Tuesday 4<sup>th</sup> April.
- 3.1.6. The Growth Hub attended the Hull City Council “Hull Business – Your Future” event on Friday 24 March, which saw over 80 Hull businesses in attendance. The Growth Hub obtained over a dozen good quality business enquiries at the event.
- 3.1.7. In February 2023 and as part of a Freedom of Information request, DBT (formerly known as BEIS) issued a copy of its national evaluation of the Growth Hub network 2015-2020. This independent report was commissioned by BEIS back in 2020 and was undertaken by Technopolis. Whilst it has yet to be published by government, the report is highly positive about the impact of Growth Hubs and has some interesting headline data including:
- Engagement with the Growth Hubs boosted employment levels for supported businesses, with beneficiaries demonstrating an average 14% increase in employment one year after first engagement and an average 22% increase in employment after five years, compared to no visible change among control group businesses.
  - In terms of turnover, there is evidence of sustained growth. Relative to the baseline, beneficiaries report an average increase of £792k one year after the first intervention, compared to £294k for non-beneficiaries (a difference of £487k, or average increase of 19% vs 7%" average increase, respectively). The equivalent increase five years post-treatment is higher, at £953k.
  - Growth Hubs have engaged with 8% of all businesses in England - higher than the 2.5% ambition set by BEIS.
  - The report makes five recommendations to government, one of which is to increase resources for Growth Hubs.

### **3.2. #GrowMySME Programme (ERDF funded)**

3.2.1. The Growth Hub's ERDF-funded #GrowMySME Programme is now into its final quarter of delivery and continues to deliver specialist support to SMEs across the region. The three strands of programme activity are:

- Business Growth Scheme – support to help businesses overcome barriers to growth.
- Finance for Growth Scheme – support to help businesses understand the range of finance options available and to make them 'investment ready'.
- ICT for Growth Scheme – support to help businesses explore, adopt, and implement digital technology and solutions.

3.2.2. All three #GrowMySME projects are working hard to ensure that all contracted outputs are achieved, and budgets fully spent by project closedown on 30<sup>th</sup> June 2023. The majority of output indicator targets have already been achieved by the three schemes, and where that is not the case, proactive performance management is in place to ensure that these targets are reached.

3.2.3. The Business Growth Scheme has an intensive and broad programme of workshops & webinars taking place in Q2 2023. Covering the topic areas of sales & marketing; business improvement and productivity processes; business leadership, innovation and culture, and recruitment, HR, and workforce development, over 60 workshops and webinars are scheduled.

3.2.4. The Business Growth Scheme closed its grant scheme to new applicants on Friday 17<sup>th</sup> March, which generated a high-volume of last minute applications from client businesses. Around £130k of grant requests were received up until the application deadline, with the programme team still working through the due diligence and appraisal of these grant applications. Some budget reprofiling has proven necessary to accommodate these extra grant requests, however these grant awards will help to allocate some project underspend and will also support the project with its attainment of contracted output indicators.

3.2.5. The ICT for Growth Scheme's 'Digital Catalyst' continues to support SMEs to explore and implement digital technology at pace but is still looking for further SMEs to access the service prior to June 2023.

### **3.3. Made Smarter Programme (BEIS funded)**

3.3.1. Made Smarter provides wrap around support to manufacturing SMEs to aid their exploration, adoption, and implementation of digital technology, with a view to improving business productivity and competitiveness. This will help UK manufacturers move towards 'industry 4.0'.

3.3.2. HEY Growth Hub's Made Smarter – Digital Transformation Specialist joined the team on Monday 6<sup>th</sup> March. Les Selby is currently working closely with programme delivery leads Sheffield City Region LEP in order to establish client paperwork, monitoring and reporting requirements. Les is also starting to develop a client caseload of manufacturing businesses. Made Smarter launch events will be held around the Hull & East Yorkshire region in late April and early May.

### **3.4. Business & Economic Intelligence**

3.4.1. The Growth Hub continues to gather business and economic intelligence from the region which is submitted to DBT in the form of a monthly report. Recent key intelligence findings are as follows:

- February saw many reports of cash flow pressures due to widespread business cost increases. This also manifested itself as businesses seeking advice on reducing costs and looking for cost efficiencies in their daily operations.
- February's intelligence report also highlighted ongoing issues of labour availability in the region, and the challenges faced by manufacturing, construction and health & social care firms in the region in relation to staff recruitment and retention.

## **4. Financial and resource implications**

5.1 All Growth Hub delivery is externally funded under various contracts of funding. The core Growth Hub service is funded by BEIS, with other projects and support strands funding via ERDF and BEIS. There are no other financial or resource implications arising from this report.