

Hull and East Yorkshire LEP Board  
Growth Hub Update  
Report by Jon Brunton, Growth Hub Manager  
Thursday 29<sup>th</sup> September 2022  
Paper C

## **1. Summary**

- 1.1. The HEY Growth Hub continues to deliver a suite of business support services in the region. This paper provides an operational update on the Growth Hub for the financial year to date.
- 1.2. This paper also summarises the current funding position of the Growth Hub, the status of the Growth Hub review, and also the long-term future of the Growth Hub.

## **2. Recommendations**

- 2.1. That the Board notes this report.

## **3. Operational Update**

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

- 3.1.1. Despite the 50% reduction in core BEIS funding for fy 2022/23, the Growth Hub continues to provide a locally based, free and impartial information, advice, guidance and signposting service to businesses and pre-start individuals in Hull & East Yorkshire.
- 3.1.2. Due to carrying vacant job posts and with the expiry of certain services contracts on 31<sup>st</sup> March 2022, no redundancies were required to accommodate the cut in core funding, and indeed by working closely with both of the HEY local authorities as delivery partners a continuation of services from 2021/22 into 2022/23 has proven to be largely possible, with some exceptions.
- 3.1.3. Growth Hub performance and client engagement in the financial year to date has been positive and the advisor team report a high level of business enquiries and engagement. There is currently a high level of demand from businesses for business resilience support, in relation to the current economic climate and trading conditions.
- 3.1.4. The bi-annual report that accounts for the first six months of Growth Hub service delivery in 2022/23 is due for submission to BEIS by Monday 31 October and this will include a detailed set of performance KPI metrics for the period 01 April to 30 September. A summary of this bi-annual report will be provided at the next LEP Board meeting in November.

3.1.5. The Growth Hub is currently working with the Yorkshire cluster of Growth Hubs to identify how best to support SMEs with the current cost of living and energy situation. Leeds LEP, on behalf of the Yorkshire cluster, hold a £10,000 cluster budget which can be used to commission support interventions that are identified as needed. The current proposal is to commission the provision of brief and informative webinars for businesses, which would look in detail at the government's recently announced package of energy support for businesses, as well as such topics as cost control and managing price increases. It is expected that, subject to a commissioning exercise, that these webinars could commence during November 2022.

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

- SMEs are being faced with substantial cost rises to their energy supplier contracts, with some businesses starting to consider their future financial viability in light of these cost rises. However, it should be noted that the recently announced (21 September 2022) package of government financial support for businesses' energy use will help in many cases, however the impact of this on Hull & East Yorkshire businesses is yet to be seen.
- Many businesses are still struggling to fill vacancies and recruit personnel with the requisite levels of knowledge, skills, and experience. The leisure and hospitality sector are still struggling to recruit front of house and kitchen staff, which is in turn impacting their business operations and therefore turnover.
- Some sectors are having to compete regionally and nationally for talent (for example the Digital Sector) and whilst some enhanced salary packages are being offered, this is not always possible given other financial pressures on businesses.
- Businesses reliant on B2C trade, such as leisure, retail, and hospitality, are reporting a marked downturn in customers and spend, which is being ascribed to the cost of living situation.
- Some sectors are reporting buoyant trading conditions such as the construction sector (house building and civils) and digital firms.

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

3.2.1. The Growth Hub's ERDF-funded #GrowMySME Programme continues to deliver specialist support to SME 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. Due to the end of the ERDF programme in England in 2023, all three #GrowMySME Schemes will conclude on 30 June 2023. The current focus of the programme team is ensuring that all budgeted spend is committed, and that all programme output targets are achieved prior to programme closedown. Good progress is being made in this regard and indeed many of the output targets have already been achieved including jobs created and the number of businesses receiving diagnostic, information, and brokerage.

3.2.3. The programme teams met with their ERDF contract manager from the Department for Levelling Up, Housing & Communities (DLUHC) on Thursday 8 September 2022. The contract manager expressed her satisfaction at how the three #GrowMySME Schemes have been run – particularly during the Covid-19 pandemic – and that DLUHC have no major concerns about the delivery of the schemes. This meeting also included a discussion on the project closedown technicalities which need to be undertaken prior to 30 June 2023.

3.2.4. The Business Growth Scheme has recently let four contracts for the delivery of workshops, webinars and 1-2-1 masterclasses. The programme of sessions will operate from 26 September 2022 to 30 June 2023 and will be comprised of the following business topics:

- Sales & Marketing
- Business Improvement and Productivity Process
- Business Leadership, Innovation & Culture
- Recruitment, HR, and Workforce Development

3.2.5. The Business Growth Scheme has recently let a contract for the delivery of sector development support for the region’s Visitor Economy. Consisting of workshops, webinars and conference style events, the package of support will focus on sector-specific needs of SMEs that are reliant on tourists and visitors for part or all of their income. This will include such topics as how to offer packaged deals between businesses, how to improve the visitor experience, and how to better market services via online channels.

3.2.6. The Business Growth Scheme has also obtained permission from the ERDF contract manager to uplift the available SME grant budget by £100,000. This will enable a minimum of 40 further grants (at a maximum of £2,500 per business) to be awarded to SMEs to help with the cost of business improvement projects that require external consultancy and advice.

3.2.7. The ICT for Growth Scheme has recently let a contract for the delivery of intensive technical support for SMEs. Named 'Digital Catalyst', this package of support is tailored to the specific needs of each individual business and helps them implement digital technology and solutions via 12 hours of support. Digital Catalyst will operate from 1 October 2022 to 30 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. The Yorkshire & Humber Made Smarter programme for 2022-25 received final Government sign-off in August. Programme lead South Yorkshire Mayoral Combined Authority (SYMCA) have entered into a funding agreement with BEIS to account for the drawdown of funding, initially on a financial year basis (i.e., 2022/23).

3.3.3. A services contract is being procured via open tender by SYMCA. This will account for the delivery of most programme elements, including the 'digital roadmaps', technical support, internship facilitation and the leadership and management training.

3.3.4. Funding has been made available to the HEY Growth Hub to recruit 1 FTE Digital Transformation Specialist. This post would be responsible for raising awareness of Made Smarter in Hull & East Yorkshire, generating client enquiries from eligible businesses, and managing a caseload of manufacturing SMEs by providing account managed support. This post would also be responsible for enabling a business's engagement with the various strands of delivery as commissioned via the services contract (as above). Recruitment to this post is to start imminently, with the successful candidate expected to come into post by mid-November.

### **3.4. Create Growth Programme (DCMS)**

3.4.1. On the 9 June 2022 the Department for Digital, Culture, Media, and Sport (DCMS) invited local area partnerships in England to submit Expressions of Interest (EOIs) to participate in the Create Growth Programme (CGP) from FY22/23 to FY24/25 (three years).

- 3.4.2. £1.275 million in funding would be made available to successful local area partnerships to develop and deliver a package of business support for creative industry SMEs with “high growth” potential. Support would focus on improving the investment readiness of creative industry SMEs with a view to enabling scale-up driven business growth.
- 3.4.3. The HEY LEP and Growth Hub submitted an EOI on behalf of the HEY region and the two local authorities on 7 July 2022. An invitation to progress to full application was received on 21 July, with the HEY area partnership shortlisted as one of 19 area partnerships bidding for 6 funding awards.
- 3.4.4. Using a DCMS ‘application grant’ of £10,000, HEY LEP commissioned KADA Research to support the development of the full application. This encompassed business and stakeholder consultation (via survey and focus groups) as well as a review of strategic and policy documentation.
- 3.4.5. The final application was submitted to DCMS on 25 August 2022. An outcome on the HEY LEP’s CGP bid is expected by the end of September. Should the bid be successful, the CGP would be delivered under the aegis of the HEY Growth Hub, in partnership with the two HEY local authorities. Please see **Appendix 2** for a detailed summary of the HEY CGP bid and the findings of the supporting consultation and research activity and **Appendix 3** for the final report of the findings of the research which informed the bid.

#### **4. Current Funding Position, Growth Hub Review & Long Term Future**

- 4.1. Despite the 50% reduction in core BEIS funding for 2022/23, BEIS have confirmed that they are still committed to the Growth Hub network in England moving forwards. However, BEIS’s funding intentions for 2023/24 and beyond are not yet known and it is currently understood that the future of the Growth Hub network is tied to the outcome of the Government’s Enterprise Strategy which is expected during Q4 2022.
- 4.2. Furthermore, the closure of the ERDF funded programmes on 30 June 2022 will see a substantial reduction in the availability of funded business support in the region. It is therefore vital that future funding solutions are sought to ensure the continuation of funded business support in the region.
- 4.3. The future of funded business support in Hull & East Yorkshire is currently uncertain and will be subject to the outcome of various activities such as the devolution agenda for the HEY region, the outcome of the UK Shared Prosperity Fund investment planning process, and the future intentions of Government for business support in England.

4.4. The recently undertaken Growth Hub review set out what the core component of any business support offer in Hull & East Yorkshire should look like and this has been shared with all delivery partners and stakeholders.

4.5. The Board will be kept apprised on any developments in relation Growth Hub funding – either BEIS or ERDF funding.

## **5. 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.