

Hull and East Yorkshire Business Support Board
Growth Hub Report
Report by Jon Brunton, Growth Hub Manager
Wednesday 6th September 2023
Paper B

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. HEY Growth Hub received its 2023/24 funding offer letter from DBT on 25 July 2023. This was signed and returned to confirm acceptance on 28 July. The Growth Hub team submitted a financial claim to cover the first two quarters of the 23/24 year on 24 August.

3.1.2. With the closedown of the Growth Hub's ERDF funded schemes on 30 June, the Growth Hub's primary service offer in 2023/24 will be to act as a business support gateway for the region, offering information, advice & guidance (IAG) services to client businesses, as well as signposting and referral activity to other providers of business funding and support. This core offer is augmented by a Workforce Development Business Advisor, as well as the Made Smarter Programme (see programme update below). It is likely that specialist and technical business support – such as that provided by the Growth Hub's #GrowMySME programme up until 30 June – will now be delivered by the two HEY local authorities via their UKSPF funded business support schemes.

3.1.3. The Growth Hub's Workforce Development Business Advisor continues to work with an active caseload of 22 client businesses. Offering support ranging from access to skills funding, through to apprentice recruitment and facilitating levy transfer between large firms and SMEs. Current trends amongst business enquiries are a need for funding for workforce upskilling and training, as well as apprenticeship recruitment by firms that have not previously recruited an apprentice. Furthermore, many firms are dealing with general recruitment and staff retention issues which the advisor is assisting firms with.

3.1.4. The Growth Hub continues to facilitate the Hull & East Yorkshire Manufacturers Network, which to-date has attracted over 15 SME manufacturers to various events and meetings. On 7th September the Network will undertake a site visit to the Ideal Heating factory in Hull to witness process efficiency techniques and to learn more about Ideal's R&D activity. Then on 21st September an employment & skills event will take place that will explore the various employment, skills, training and recruitment challenges facing the sector, with a view to identifying actions the Network and its members can take to improve these.

3.2. #GrowMySME Programme (ERDF funded)

3.2.1. The Growth Hub's #GrowMySME Programme ceased delivery on 30 June 2023 due to the end of the ERDF funding. All three #GrowMySME projects are now well into closedown procedures.

3.2.2. The final claims were submitted on 27 July 2023, and these are undergoing final due diligence verification and validation checks prior to final authorisation. Final claims are expected to be paid shortly.

3.2.3. The outstanding closedown actions consist of the distribution of state aid notification letters for all programme beneficiaries, and the final archiving of all ERDF auditable documentation. This audit trail must be retained until 31 December 2033 as per conditions of ERDF funding.

3.2.4. All three #GrowMySME projects were successful in their achievement of contracted outputs, and all reported minor underspends at project close. The summative assessment reports of all three schemes were highly positive and confirmed that all schemes achieved their intended outcomes and impacts.

3.2.5. Further details on Programme outputs, outcomes and impacts can be seen in the presentation given by the HEY Growth Hub Manager at this meeting of the Business Support Board on 6 September 2023.

3.3. Made Smarter Programme (DBT 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 is currently working with a caseload of 28 client businesses. 13 have undertaken the digital roadmap session, 10 have accessed technical support, and three have applied for a capex grant, of which one has been awarded.

3.3.3. We are currently working with Yorkshire & Humber programme lead South Yorkshire Mayoral Combined Authority on a prospective expansion of the programme. Funders at DBT have advised that additional funding may be made available to uplift the number of targeted outcomes of the programme up to March 2025. This could include enhanced support provision such as fully-funded business support workshops, the reintroduction of the facilitated internship scheme, and an uplift to the available capex grant budget.

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.

3.4.2. In July 2023 DBT provided a revised reporting template, which significantly streamlined the monthly reporting requirements. The Growth Hub Manager therefore took this opportunity to refamiliarize LEP and Growth Hub advisor colleagues with the reporting requirements. This has led to a notable improvement in the quality and quantity of intelligence reported in by these colleagues, which in turn has strengthened the breadth and depth of the HEY Growth Hub's monthly intelligence submission to DBT.

3.4.3. Recent key intelligence findings are as follows:

- We continue to see acute recruitment challenges in the region across multiple sectors. Manufacturing and the hospitality are the most impacted sectors.
- Furthermore, we are increasingly aware of the dissatisfaction amongst manufacturing firms regards the training provision available locally. Many feel that the right training is not available locally, particularly for bespoke and technical skills training needs. Employers often have to engage the services of training providers based elsewhere in the UK to have their training needs met.
- Energy costs and general costs of living increases (inflation) are still widespread across many sectors in the HEY region. Energy intensive sectors such as manufacturing, and hospitality are finding this a particularly acute issue.
- Consumer spending is still below pre-Covid levels, and hospitality firms are struggling to cater to fluctuating and unpredictable demand for services, which is causing staffing and stock management issues.
- We've had reports of some manufacturers struggling with the bureaucracy and costs of taking manufactured goods to display in Europe. The admin and costs associated with a carnet for

displaying equipment in Europe are causing administrative burdens and cashflow issues.

- Our Growth Hub advisor teams are reporting a slight uptick in businesses enquiring about support to grow and Scale-Up. This includes requests for business planning and financial forecasting support to help facilitate growth.

4. DCMS “Create Growth” Programme Bid

4.1. HEY LEP were contacted by DCMS on 20 July to consider applying to the expanded “Create Growth” Programme. In 2022 HEY LEP on behalf of the HEY region was successful at EOI stage but were unsuccessful with the full application after making the shortlist. Despite this, DCMS have invited HEY LEP to reapply to the expanded programme in 2023, given the strength of our submission last year, despite not being selected as one of six local area partnership to received funding.

4.2. The Programme is aimed at SMEs in the Creative Industries that are looking to grow and scale-up but which cannot access the investment and funding needed to do so. The support provision would include one-to-one and one-to-many business support, as well as the development of a mentoring support scheme and facilitated peer learning, with the overall intention of making these creative SME more “investment ready”. A secondary objective of the programme would be to strengthen the investor networks present in the region to enable more visibility of the growth potential of creative firms in HEY.

4.3. Following submission of an EOI on 9 August, HEY LEP were informed on 23 August that they were one of twelve local area partnerships shortlisted to submit a full application. DCMS will award funding to six local area partnership based on submission of a full application; the deadline for which is Tuesday 19 September.

4.4. The Growth Hub Manager is working with local authority colleagues on the development of the full application. HEY LEP have also been awarded an ‘application grant’ of £9,500 which can be used to commission external consultancy support in aid of the full application. An RFQ was issued on 25 August to commission a provider of business case research and bid-writing services.

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 DBT, with other projects and support strands funded via ERDF and BEIS. There are no other financial or resource implications arising from this report.